新融宇集團(控股)有限公司
Infinity Financial Group (Holdings) Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 1152

Annual Report 2017

Contents

Corporate Information

Board of Directors

Executive directors

Mr. Chan Chung Shu *(Chairman)*
(appointed on 22 January 2018)
Mr. Ng Hoi
Mr. Yu Xueming (resigned on 22 January 2018)
Mr. Yu Chuanfu (resigned on 22 January 2018)
Mr. Zheng Qiang (resigned on 22 January 2018)
Mr. Sit Yau Chiu (retired on 6 June 2017)

Non-executive director

Mr. Chan Yee, Herman (resigned on 15 June 2017)

Independent non-executive directors

Mr. Ho Man
Mr. Yeh Tung Ming
Mr. Zhang Hua (appointed on 15 September 2017)
Mr. Wang Wei Hung, Andrew (resigned on 15 June 2017)
Mr. Sin Ka Man (retired on 6 June 2017)
Mr. Zhao Li Xin (retired on 6 June 2017)

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Headquarter and Principal Place of Business in Hong Kong

Room 2407, 24/F,
China Resources Building,
26 Harbour Road,
Wan Chai
Hong Kong

Company Secretary

Mr. Chan King Keung

Authorised Representatives

Mr. Ng Hoi
Mr. Chan King Keung

Legal Advisers

As to Hong Kong law
Jun He Law Offices
Suite 3701–10, 37/F, Jardine House
1 Connaught Place, Central
Hong Kong

Bermuda Resident Representative

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Members of the Audit Committee

Mr. Ho Man *(Chairman)*
Mr. Yeh Tung Ming
Mr. Zhang Hua

Members of the Remuneration Committee

Mr. Yeh Tung Ming *(Chairman)*
Mr. Ho Man
Mr. Zhang Hua

Members of the Nomination Committee

Mr. Zhang Hua *(Chairman)*
Mr. Ho Man
Mr. Yeh Tung Ming

Bermuda Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Share Registrar and Transfer Office

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Hong Kong

China Citic Bank International Limited
80/F., International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Dah Sing Bank Limited
33/F., Everbright Centre
108 Gloucester Road
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Company's Website

www.1152.com.hk

Stock Code

1152

Chairman's Statement

On behalf of the board (the "Board") of directors (the "Directors") of Infinity Financial Group (Holdings) Limited (the "Company", together with its subsidiaries, the "Group"), I am honored to update you on the Group's position, performance, prospect and present the annual results of the Group for the year ended 31 December 2017.

The global markets are currently influenced by uncertain political events, such as new economic policies implemented by the United States President Donald Trump, Brexit, terrorism in Europe, geopolitical tensions in the Middle East and nuclear threats in North Asia. The Group is still cautiously optimistic about our business prospects as PRC implements the decision of the 19th CPC National Congress and builds a moderately prosperous society in all aspects in 2018. With the introduction and emphasis of relevant national development strategies such as the "Development of Guangdong-Hong Kong-Macau Big Bay Area" and the "Belt and Road Initiative", it is expected that China will accelerate its overseas investments and further expand its trading networks with Asian countries for the coming 2018.

Looking forward, the Market expect the investment environment in the US and other advance economies will not be as stable as before. The US monetary and fiscal policies may have a dramatic change. Accelerating interest rate normalization may affect global investment atmosphere. In connection with the US foreign policy, Mr. Donald Trump may focus on the threat posted to the US by its trade relations with China. US already imposed tariffs on various China commodity products and this may result in a new ware of global trade wars.

The gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, the monetary policy in China, although remain loose in 2017, will expect to have changes in 2018 accordingly in respond to the above issues. The uncertainty in the coming PRC import and export environment, in part may converting into weaker investment and manufacturing activities, arouse the market concerns about the future performance of the Chinese economy.

To cope with those future challenges in 2018, the Group will continue to explore potential business opportunities in the Group's trading business such as development of e-commerce and Omni channel capacities. The Group will also continue to provide professional financial and consultancy services to our esteem customers, to assist them to innovate their system, to strengthen their production capacity and enhance their corporate development, to develop innovative financial services in different industries; whereas the Group will play a more cautious and conservative role on strengthening the Group's internal controls on asset and risk management, in order to protect the quality of assets as a whole; finally the Group will match our strengths with market demand, capture the right growth opportunities while guarding the Group against economic headwinds.

On behalf of the Board, I would like to extend my appreciation to the management and staff for their dedication, contribution and hard work. I wish to also express my gratitude to the business partners and shareholders of the Group for their unequivocal support and confidence in the Group.

Chan Chung Shu
Chairman

23 March 2018

Management Discussion and Analysis

Financial Performance and Business Review

For the year ended 31 December 2017, the principal businesses of the Group recorded a revenue of approximately HK$77,150,000, showing an increase of 25.0% in revenue of approximately HK$61,742,000 from last year. This is due to: for the year ended 31 December 2017, the trading metal products business recorded a revenue of approximately HK$49,789,000, showing a decrease of 2.2% in revenue of approximately HK$50,930,000 from last year and; for the year ended 31 December 2017, the new trading nutritional food products business recorded a revenue of approximately HK$21,344,000, representing approximately 27.7% of the total revenue; for the year ended 31 December 2017, the finance leasing segment recorded a revenue of approximately HK$6,017,000, showing a decrease of 44.3% in revenue of approximately HK$10,812,000 from last year.

For the year ended 31 December 2017, the trading metal business segment recorded a segment profit of approximately HK$491,000, showing a decrease of 1.0% in segment profit of approximately HK$496,000 from last year. The decrease in the trading metal business segment profit was mainly due to the decrease in revenue on the trading metal business segment for the year ended 31 December 2017 from last year.

The decrease in revenue in trading business segment was mainly attributable to the weakening in market demand for the year ended 31 December 2017 when compared with last year. The revenue in trading business segment for the year ended 31 December 2017 arising from customers who are large private enterprises established in People's Republic of China. In respect of those trading transactions, the Group managed its risk exposure by securing a purchase order from the customer before the Group places a purchase order with the supplier; and with credit terms receiving the sale proceed from customer before settlement to the supplier. As at 31 December 2017, those customers have fully settled all their sale proceed without any outstanding receivable due to the Group. The weakening in market demand may as a result of the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services. Despite the decrease in revenue for the year ended 31 December 2017, the operation of trading business segment is running smoothly and efficiently for the Group. In view of current booming of capital market and the expected recovery of world economy; the Board is confident that the trading business segment will pick up accordingly.

During the year, the Group engaged in e-commerce operation related to nutritional food products in connection with the Group's trading business. The new segment record a segment profit of approximately HK$341,000, representing approximately 5.7% of the total segment profit.

The decrease in revenue in finance leasing segment was mainly due to the effect of the monetary policy in China which remained loose for the year ended 31 December 2017. This enable our potential customers to have many other alternatives to satisfy their financial demands. On the other hand, our Group adopts a more cautious and conservative approach so as to strengthening our Group's internal controls on asset and risk management, in order to protect the quality of assets as a whole, by placing more stringent requirement on our finance leasing customers.

For the year ended 31 December 2017, the finance leasing segment recorded a segment profit of approximately HK$5,175,000, in contrast with segment loss of approximately HK$19,626,000 from last year. There was an exchange loss of HK$17,696,000 allocated into the finance leasing segment in last year. This HK$17,696,000 exchange loss was mainly a result of the fact that RMB had been depreciated approximately 7.0% from 1 January 2016 to 31 December 2016 against US$ or HK$. Excluding the effect of exchange loss of HK$17,696,000, for the year ended 31 December 2016, the finance leasing segment recorded a segment loss of approximately HK$1,930,000. The segment profit for the year ended 31 December 2017 in the finance leasing was mainly due to the continuous effort of the Group in reducing the overall operating cost of finance leasing segment. The Board is confident that with the concrete plan of the Government of China to maintain the growth of China's GDP, the finance leasing segment will pick up continuously.

On 12 January 2015, the Group has decided to cease the operation of the Group's textile segment due to the worsening of the market situation and business environment of the textile industry. The cessation of operation was completed on 30 September 2015. Textiles segment was classified as discontinued operation. Dongguan Feng Zheng Knitting Co., Ltd (東莞豐正針織有限公司) is a limited liability company; and an indirect wholly-owned subsidiary of the Company established under the laws of the PRC and has no business operations as a result of cessation of operation of the Group's textile segment.

On 16 March 2017, the Group entered into a Disposal Agreement with the Purchaser, Dongguan DRN Battery Co., Ltd (東莞市德爾能新能源股份有限公司). Pursuant to the Disposal Agreement, the Group has agreed to sell and the Purchaser has agreed to purchase the Equity Interest, representing 100% of the equity interest in Dongguan Feng Zheng Knitting Co., Ltd, at the Consideration of approximately RMB43.0 million (equivalent to approximately HK$47.9 million).

For the year ended 31 December 2017, the Group recorded other operating income approximately HK$8,518,000 (year ended 31 December 2016: approximately HK$4,585,000). The other operating income was resulted from a gain on disposal of Dongguan Feng Zheng Knitting Co., Ltd of approximately HK$19,674,000. The gain on disposal of Dongguan Feng Zheng Knitting Co., Ltd mainly as a result of the Consideration of approximately RMB43.0 million (equivalent to approximately HK$47.9 million) of the Disposal Agreement is greater than the unaudited net asset value of Dongguan Feng Zheng Knitting Co., Ltd as at the date of disposal.

Financial Position and Liquidity

As at 31 December 2017, the Group recorded total assets of approximately HK$159,143,000, which were financed by internal resources of approximately HK$92,983,000 and liabilities of approximately HK$66,160,000. The Group had total cash and bank balances of approximately HK$87,308,000. The current ratio (current assets divided by current liabilities) of the Group increased from 1.3 times as at 31 December 2016 to 2.6 times as at 31 December 2017. As at 31 December 2017, the Group did not have any deposit pledged to secure bank overdrafts, short-term bank loans and unused banking facilities. The Group's operation was mainly financed by funds generated from its operation and borrowings. As at 31 December 2017, the borrowings were mainly denominated in Hong Kong dollars ("HK$"), while the cash and cash equivalents held by the Group were mainly denominated in HK$, Renminbi ("RMB") and United States dollars ("US$"). All of the Group's borrowings are on a fixed rate basis.

Contingent Liabilities

As at 31 December 2017, our Group had no significant contingent liabilities.

Gearing ratio

The gearing ratio was 36.9% as at 31 December 2017 (31 December 2016: 53.0%). The gearing ratio is arrived at by dividing the total external financing debt by total assets at the end of the corresponding year. The decrease in gearing ratio was mainly due to a decrease in borrowings of approximately HK$30 million and a decrease in convertible bond of approximately HK$59 million. The current ratio (current assets divided by current liabilities) increased from 1.3 to 2.6 was mainly due to all short-term convertible bond and part of borrowings were settled during the year ended 31 December 2017.

Foreign Exchange Exposure

In respect of the finance lease business, the Group's receipts, payments and operating expenses are all transacted in RMB, in which the Group expects the currency risks would be insignificant.

The Group currently does not have a foreign currency hedging policy. The Group will monitor its foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arises.

Environment Protection and Legal Compliance

The Group is committed to protecting the environment where it operates and ensuring that it complies with the environmental protection standards applicable to the Group and its business operation from time to time.

During the year and to the best of our Directors' knowledge, the Group had obtained the required permits and environmental approvals for its business, and had complied with such laws, rules and regulations that have a significant impact on the Group, its business and operations.

Please refer to the Environmental, Social and Governance Report contained in the Annual Report for further information on the work done and efforts made by the Company on environmental protection, legal compliance and other aspects for the sustainable growth and development of the business of the Group.

Compliance with Relevant Laws and Regulations

During the year, as far as the Group is aware, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

Employee and Remuneration Policy

As at 31 December 2017, the Group has a workforce of approximately 12 employees in Hong Kong and the PRC, including four executive Directors, and three independent non-executive Directors.

Remuneration policies of the Group are determined with reference to performance, qualification and experience of the staff as well as the operating results of the Group and the current market condition with salaries and wages being reviewed on an annual basis. The Group also provides discretionary bonus, medical insurance, social security and provident fund to the staff of the Group. Pursuant to the written resolution of the Shareholders on 11 October 2011, the Group has adopted a share option scheme (the "Scheme") for the purpose of motivating eligible participants. For the year ended 31 December 2017, no share options were granted by the Group since the adoption of the Scheme.

Future Plans for Material Investments and Capital Assets

The Group is in the formation of a joint venture to initially focus on providing online financial credit information and trading platform, and will also develop the financial technology which utilizes a series of innovative technologies including big data, cloud computing and artificial intelligence, and will target to engage in businesses including online payment, online finance leasing, intelligent financial management services and block chain technology, subject to be engaged only after obtaining the relevant registration and approvals. Details of investment in joint venture is disclosed in note 15 to the financial statements.

Except for investment in joint venture, the Group do not have any plans for material investments and capital assets.

Significant Investment Held

Except for investment in subsidiaries, the Group did not hold significant investment for the year ended 31 December 2017.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Except for the disposal of its subsidiary, Dongguan Feng Zheng Knitting Co., Ltd, the Group did not have any material acquisition and disposals of subsidiaries and affiliated companies for the year ended 31 December 2017.

Relationships with Stakeholders

The Group recognizes that employees are our valuable assets. Thus our Group provides competitive remuneration package to attract and motivate the employees. Our Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Our Group also understands that it is important to maintain good relationship with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year, there was no material and significant dispute between our Group and its business partners or bank enterprises.

Key Risks and Uncertainties

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Market Risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, like foreign exchange rates, interest rates and equity prices. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Rates Risk

As our Group's assets and liabilities were mainly denominated in Hong Kong Dollars, U.S. Dollars and RMB, in view of the potential RMB exchange rate fluctuations, our Group will continue to closely monitor the exposure and take any actions when appropriate.

Interest Rate Risk

For interest-sensitive products and investments, our Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Liquidity Risk

Liquidity risk is the potential that our Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, our Group monitors cash flows and maintains an adequate level of cash and cash equivalent to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels.

Key functions in our Group are guided by their standard operating procedures, limits of authority and reporting framework. Our management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process.

Proper authorization system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of our Group would be submitted to the Board.

Manpower and Retention Risk

Our Group may face the risk of not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of our Group. Our Group will provide attractive remuneration package to suitable candidates and personnel.

Outlook

Global Economy

Economic policies implemented by the United States President Donald Trump, Brexit, terrorism in Europe, geopolitical tensions in the Middle East and nuclear threats in North Asia. There may invoke a lot of fundamental uncertainty in near-term outlook, especially in the area of expectation to economic growth and also Federal Reserve policy. A faster pace of interest rate normalization was expected by the market. All of this has to do with increased optimism that there will be some fiscal stimulus in the near term and some type of deregulation, both of which will underpin growth. Looking forward, as a result of global markets faced a wave of volatility, the market expect the investment environment in the US and other advance economies will not be as stable as before. The US monetary and fiscal policies may have a dramatic change. Accelerating interest rate normalization may affect global investment atmosphere. In connection with the US foreign policy, Mr. Donald Trump may focus on the threat posted to the US by its trade relations with China. US already imposed tariffs on various commodity products and this may result in a new wave of global trade wars.

China Economy

Changes in economy in China is expected in response to a number of factors, including but not limited to the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing towards consumption and services, the monetary policy in China, although remain loose for the year ended 31 December 2017. The uncertainty in the coming PRC import and export environment, in part may converting into weaker investment and manufacturing activities, together with the general concern on over blooming of property market in China, arouse the market concerns about the future performance of the Chinese economy. However, favorable factors such as PRC implements the decision of the 19th CPC National Congress and builds a moderately prosperous society in all aspects in 2018 have positive effect on the economy. With the introduction and emphasis of relevant national development strategies such as the "Development of Guangdong-Hong Kong-Macau Big Bay Area" and the "Belt and Road Initiative", the market expects that China will accelerate its overseas investments and further expand its trading networks with Asian countries for the coming 2018.

Financial Services Industry

China's financial services industry had experienced relative rapid growth in past years. Looking forward to the near future, the market expects that the growth of financial services industry will not slow down as the Government of China have concrete plan to maintain the growth of China's GDP.

Trading Business — Metal Products

China's GDP had experienced relative rapid growth in past years and is mainly stimulated by various infrastructure and property development projects in numerous cities in China. Looking forward to the near future, the market expects that the consumption of various commodities will not slow down, because it is believed that tackle economic downturn, the Chinese government will be using the construction of various infrastructure to enhance the economic growth.

Trading Business — Nutritional Food Products

China is one of the largest and most innovative retail e-commerce market in the world. According to a research performed by a renowned investment banker, China's online retailing is expected to grow from 16% of total retail sales in 2017 to 25% by 2020. China's online retail market will be US$1.7 trillion by 2020, more than twice the size it is today.

Company Tactics

Although it is anticipated that the global and the China economies are facing challenges and uncertainties in 2017, however, in light of the various supporting strategies of the Government of China with the China economy and also the positive stimulating effect of Development of Guangdong-Hong Kong-Macau Big Bay Area, Belt and Road Initiative; and PRC implements the decision of the 19th CPC National Congress and builds a moderately prosperous society in all aspects starting from 2018, the management of the Group is confident that the financial services industry and trading business sectors will continue to be prosperous with reasonable growth yearly.

To cope with those future challenges and uncertainties in 2018, the Group will continue to provide professional financial services to our esteem customers, to assist them to innovate their system, to strengthen their production capacity and enhance their corporate development, to develop innovative financial services in different industries; whereas the Group will play a more cautious and conservative role on strengthening the Group's internal controls on asset and risk management, in order to protect the quality of assets as a whole; finally the Group will match our strengths with market demand, capture the right growth opportunities while guarding the Group against economic headwinds.

China's online retail market will have a forecast compound annual growth rate in double digits. China's online retail market is being propelled by expansion of online categories and facilitated by the nationwide same or next-day delivery infrastructure build-out; and further online penetration of existing categories into lower-tier cities and rural areas; and further growth in the number of online shoppers.

In view of the potential of China's online retail market, the Group will continue to explore potential business opportunities in this area, in particular, business opportunities in connection with the Group's trading business. As a result, further development of the Group's trading business into e-commerce and Omni channel capacities is scheduled by the Group as an important growth direction in 2018.

Directors and Senior Management

Board of Directors

Executive Directors

Mr. Chan Chung Shu ("Mr. Chan") aged 27, is an executive director and the chairman of the Company. Mr. Chan had been a director of 海南正和實業集團股份有限公司 (Hainan Zhenghe Industrial Group Co. Ltd.) (the name of which was changed to 洲際油氣股份有限公司 (Geo-Jade Petroleum Corporation) in 2014), being a company listed on Shanghai Stock Exchange (stock code: 600759) from June to December 2013.

Mr. Ng Hoi ("Mr. Ng"), aged 44, has been appointed as a director of Wukan Kanda Real Estate Development Limited Company since November 2010. Mr. Ng has around 20 years of experience in areas including import and export trading, international investment and economics analysis and real estate investment planning. Since 1996, Mr. Ng has taken up different roles in various companies, including a director of a Beijing investment management company, a director of a Lanzhou real estate development company and the head of the investment department of a Fujian real estate company. Mr. Ng graduated from Xiamen University, specializing in international economics relationship and obtained a bachelor's degree in Economics in July 1996. Mr. Ng also obtained a Master of Business Administration from Tsinghua University School of Economics and Management in July 2010.

Independent non-executive Directors

Mr. Ho Man ("Mr. Ho"), aged 48, is an independent non-executive Director of the Company. Mr. Ho has over 19 years of working experience in private equity investment and finance and is currently the managing director of an investment holding company. Prior to that, Mr. Ho served as an executive partner representative of a Chengdu-based private equity investment fund from December 2011 to May 2014. Mr. Ho worked for a Hong Kong-based private fund management company during January 2010 to December 2013 and was the managing director and head of China growth and expansion capital of CLSA Capital Partners from August 1997 to October 2009. Mr. Ho was the non-executive director of SCUD Group Limited (stock code: 1399) from December 2006 to October 2009) and Shanghai Tonva Petrochemical Co., Ltd. (stock code 1103, previous stock code: 8251, currently known as Shanghai Dasheng Agriculture Finance Technology Co., Ltd) from September 2008 to October 2009, both being companies listed on the Main Board of the Stock Exchange. He was the independent director of Shenzhen Forms Syntron Information Co. Ltd (stock code: 300468.SZ), a company listed on the ChiNext of Shenzhen Stock Exchange, from February 2012 to February 2018).

Mr. Ho has been an independent non-executive director of Fantasia Holdings Group Co., Limited (stock code: 1777), since October 2009; an independent non-executive director of Fu Shou Yuan International Group Limited (stock code: 1448), since December 2013; an independent non-executive director of China Fire Safety Enterprise Group Limited, (stock code: 445) since July 2015; an independent non-executive director of Midas International Holdings Limited (stock code: 1172) since January 2018; and an independent non-executive director of Wanjia Group Holdings Limited (stock code: 401) since February 2018, all being companies listed on the Main Board of the Stock Exchange.

Mr. Ho has been a director of Shenzhen Daxiang Space Construction Co., Ltd., (stock code: 836604), a company listed on the National Equities Exchange and Quotations, since September 2015.

Mr. Ho was awarded an Executive Master of Business Administration degree from Tsinghua University and a master's degree in finance from the London Business School. He is also a Chartered Financial Analyst and a Certified Public Accountant.

Mr. Yeh Tung Ming ("Mr. Yeh"), aged 67, is currently a director of a company principally engaging in the business of elderly medical services, environmental protection investment planning and management. He was the general manager of a Shanghai company engaging in the production and sale of IT communication components business from 1999 to 2005. He was appointed as a director of Goldigit Atom-tech Holdings Limited (SEHK stock code: 2362) from 2001 to 2004. Mr. Yeh has over 40 years of experience in worldwide import and export trading and marketing management in the PRC market. Mr. Yeh graduated from the University of Chinese Culture with a bachelor of arts degree.

Mr. Zhang Hua ("Mr. Zhang"), aged 55, is an independent non-executive director of the Company. Mr. Zhang is a Bachelor of Engineering from Tianjin University and Master of Business Administration and Ph.D in Finance from McGill University.

Mr. Zhang has in-depth financial knowledge. He was the finance professor in McGill University. He has been teaching finance in The Chinese University of Hong Kong since 1993. His current teaching and research focus is on corporate financial management, capital markets, financial derivatives, bond markets and risk management. He has published over 20 research papers in international journals, including "Journal of Banking and Finance", "Journal of International Money and Finance", "Journal of Money, Credit and Banking", "Journal of Futures Markets" and "Pacific-Basin Finance Journal", etc. and received outstanding paper awards in various international academic conferences.

Mr. Zhang also has extensive experience in senior management training. He has nurtured and developed talents for The Chinese General Chamber of Commerce, Ministry of Information Industry of the People's Republic of China, China Mobile and China Unicom in the areas of finance and management.

Senior Management

Mr. Chan King Keung ("Mr. Chan"), aged 53, was appointed Chief Financial Officer in September 2014. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in Social Sciences in 1988, and is a fellow member of the Hong Kong Institute of Certified Public Accountants. After graduation, Mr. Chan worked with an international accounting firm in auditing and has held various senior positions with listed and private companies in Hong Kong and China. Mr. Chan has more than twenty years of experience in financial management, corporate finance and merger and acquisition.

Ms. Huang Zheng ("Ms. Huang"), aged 34, was appointed as Assistant Finance Manager in June 2017. Ms. Huang obtained her bachelor degree in accounting from Deakin University Australia in 2009. After graduation, Ms. Huang worked with an international accounting firm in auditing and has extensive experience in audits, initial public offerings, mergers and acquisitions of listed companies and private companies over a wide variety of industries.

Ms. Yang Yang ("Ms. Yang"), aged 37, was appointed as Administration Manager in December 2016. Ms. Yang holds a bachelor degree at Organization Administration in Science from Central Michigan University in 2007. Before joining the group, Ms. Yang worked many years as Executive Manager in a company listed on Main board of Hong Kong Stock Exchange. Ms. Yang has extensive experience in administration with listed and private companies in Hong Kong and China.

Directors' Report

The Directors present their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2017.

Principal Activities

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 38 to the financial statements.

Results and Appropriations

The Group's loss for the year ended 31 December 2017 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 41 to 94 of the annual report.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017.

Business Review

The business review of the Group for the year ended 31 December 2017 is set out in the sections headed "Chairman's Statement" and "Management Discussion & Analysis" on page 4 to 5 and pages 6 to 12 of this annual report.

Five Year Financial Summary

The result, assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, are summarized on pages 95 to 96 of this report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

Share Capital

Details of movements in the Company's share capital during the year, together with the reasons therefor, are set out in note 24 to the financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

Purchase, Sale or Redemption of the Shares

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any Shares during the year ended 31 December 2017.

Tax Relief

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 37 to the financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

At 31 December 2017, the Company's reserves available for cash distribution and distribution in specie were HK$88,073,000. In addition, in accordance with the Bermuda Companies Act 1981, the Company's share premium account, in the amount of HK$190,049,000, are distributable in the form of fully paid bonus shares.

Interest Capitalised

No interest was capitalised by the Group during the year ended 31 December 2017.

Major Customers and Suppliers

Finance Service Business

In the year under review, the percentages of sales and purchases attributable to the finance lease major customers and suppliers were as follows:

(i) The aggregate amount of sales attributable to the Group's five largest customers represented 92% of the total sales of the segment for the year. The sales attributable to the Group's largest customer represented 39.0% of the Group's total sales for the year.

(ii) The aggregate amount of purchases attributable to the Group's five largest suppliers represented 100% of the total purchases of the Group for the year. The purchases attributable to the Group's largest supplier represented 70.2% of the Group's total purchases for the year.

As far as the Directors are aware, neither the Directors, their close associates nor any shareholder (which to the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

The Group had not entered into any finance lease agreements during the year ended 31 December 2017 (2016: 3).

Directors

During the year ended 31 December 2017, the composition of the Board as at the date of this report is as:

Executive directors

Mr. Chan Chung Shu *(Chairman)* (appointed on 22 January 2018)
Mr. Ng Hoi
Mr. Yu Xueming (resigned on 22 January 2018)
Mr. Yu Chuanfu (resigned on 22 January 2018)
Mr. Zheng Qiang (resigned on 22 January 2018)
Mr. Sit Yau Chiu (retired on 6 June 2017)

Non-executive director

Mr. Chan Yee, Herman (resigned on 15 June 2017)

Independent non-executive directors

Mr. Ho Man
Mr. Yeh Tung Ming
Mr. Zhang Hua (appointed on 15 September 2017)
Mr. Wang Wei Hung, Andrew (resigned on 15 June 2017)
Mr. Sin Ka Man (retired on 6 June 2017)
Mr. Zhao Li Xin (retired on 6 June 2017)

In accordance with the Company's bye-laws, Mr. Ng Hoi and Mr. Ho Man will retire from office by rotation, and, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting of the Company.

Directors' and Senior Management Biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 13 to 14 of the annual report.

Directors' Service Contracts and Remuneration

Pursuant to the letter of appointment from the Company to the executive Director dated 22 January 2018, the appointment of Mr. Chan Chung Shu has initial term of service commencing from 22 January 2018. Mr. Chan shall be entitled to receive a director's fee of HK$780,000 per year which was determined by the Board by reference to the duties and responsibilities undertaken by him as a director of the Company. In accordance with the bye-laws of the Company, Mr. Chan will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

Pursuant to the letter of appointment from the Company to the executive Director dated 3 November 2016, the appointment of Mr. Ng Hoi has initial term of service commencing from 3 November 2016. Mr. Ng shall be entitled to receive a director's fee of HK$600,000 per year which was determined by the Board by reference to the duties and responsibilities undertaken by him as a director of the Company. For the year ended 31 December 2017, Mr. Ng has received a discretionary bonus amounts to HK$100,000. In accordance with the bye-laws of the Company, Mr. Ng will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

Pursuant to the letter of appointment from the Company to the independent non-executive Director dated 15 September 2017, the appointment of Mr. Zhang Hua has initial term of service commencing from 15 September 2017 with a director's fee of HK$200,000 per annum. In accordance with the bye-laws of the Company, Mr. Zhang will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since his last re-election.

Pursuant to the letters of appointment from the Company to the independent non-executive Directors dated 3 November 2016, the appointment of Mr. Ho Man and Mr. Yeh Tung Ming have initial term of service commencing from 3 November 2016 with a director's fee of HK$200,000 per annum. In accordance with the bye-laws of the Company, both of Mr. Ho and Mr. Yeh will be subject to retirement by rotation at least once every three years at the annual general meetings of the Company since their last re-election.

The Board has the general power of determining the Directors' remuneration, subject to the authorisation of the Shareholders given at the annual general meeting of the Company each year. The remuneration of the executive Directors is subject to the review of the Company's remuneration committee, and their remuneration is determined with reference to directors' qualifications, experience, duties, responsibilities and performance and results of the Group. As for the independent non-executive Directors, their remuneration is determined by the Board, upon recommendation of the Company's remuneration committee, with reference to the Directors' qualifications, experience, duties, responsibilities and performance and results of the Group.

Details of Directors' emoluments during the year are set out in note 11(a) to the financial statements.

Save as aforesaid, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

Directors' Interests in Contracts, Transactions or Arrangements

Except for those disclosed in section headed "Connected Transactions" below and note 33 to the financial statements, no contracts, transactions or arrangements of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, either directly or indirectly, subsisted as at the end of the year or at any time during the year ended 31 December 2017.

At no time during the year ended 31 December 2017 was the Company, any of its holding companies or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Management Contracts

Other than the service contracts of the Directors, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

Share Option Scheme

A share option scheme (the "Scheme") was adopted pursuant to the written resolutions of all the shareholders passed on 11 October 2011. The Scheme operates for purpose of providing incentives and rewards to eligible participants who make contributions to the Group's operations and profitability. The Company and any of its associate do not grant/exercise any share option since the date of the Listing, 28 October 2011.

Equity-Linked Agreements

Details of movements in the Company's convertible bonds, share capital and warrants during the year are set out in notes 22, 24 and 29 to the financial statements.

Save as disclosed above and the share option scheme of the Company as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Group, or existed during the year.

Permitted Indemnity Provision

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

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the directors of the company and its subsidiaries.

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2017, the interests and/or short positions of directors in the share, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

The Company:

Name of director	**Capacity and nature of interest**	**Number of Shares held** (Note 1)	**Percentage of the Company's issued share capital**
Mr. Chan Chung Shu (Note 2)	Interest in controlled corporation (Note 2)	501,210,000(L)	51.04

Notes:

(1) The letter "L" denotes a long position in the directors' interest in the share capital of the Company.

(2) Mr. Chan Chung Shu, an executive Director and chairman of the Board, is deemed to be interested in 501,210,000 shares of the Company held by Triumph Hope Limited by virtue of it being controlled by him. Triumph Hope Limited acquired a total of 501,210,000 shares of the Company on 25 October 2017. On 17 January 2018, Triumph Hope Limited acquired additional 120,000 shares as a result of the close and being received valid acceptances of 120,000 offer shares under an unconditional mandatory cash offer by Triumph Hope Limited for all the issued shares of the Company.

On 25 October 2017, Triumph Hope Limited had pledged 501,210,000 shares of the Company to Power Grand Limited which was wholly-owned by Mr. Chan Chung Shu as security for a term loan facility provided to Triumph Hope Limited. The share pledge had been released on 17 January 2018.

On 17 January 2018, Triumph Hope Limited had pledged 501,210,000 shares of the Company as security for a term loan facility provided to Triumph Hope Limited by Grand Harbour Finance Limited which was wholly-owned by Expert Wealth Investments Limited which was, in turn, wholly-owned by Mr. Ng Kwok Fai.

Save as disclosed above, as at 31 December 2017, to the best knowledge of the Directors, none of the Directors nor the chief executive of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

Directors' Rights to Acquire Shares

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their respective spouses or minor children to acquire such rights in any other body corporate.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2017, the interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position:

Name of Shareholders	Capacity and nature of interest	Number of ordinary shares held (Note 1)	Percentage of the Company's issued share capital
Triumph Hope Limited (Note 2)	Beneficial owner	501,210,000(L)	51.04
Power Grand Limited (Note 2)	Corporation having security interest in shares	501,210,000(L)	51.04
Shanxi Coking Coal Electrical (Hong Kong) Company Limited (Note 3)	Beneficial interest	58,800,000(L)	5.99
Mr. Ke Xin Hai	Beneficial owner	57,000,000(L)	5.80

Notes:

(1) The letter "L" denotes a long position in the directors' interest in the share capital of the Company.

(2) Mr. Chan Chung Shu, an executive Director and chairman of the Board, is deemed to be interested in 501,210,000 shares of the Company held by Triumph Hope Limited by virtue of it being controlled by him. Triumph Hope Limited acquired a total of 501,210,000 shares of the Company on 25 October 2017. On 17 January 2018, Triumph Hope Limited acquired additional 120,000 shares as a result of the close and being received valid acceptances of 120,000 offer shares under an unconditional mandatory cash offer by Triumph Hope Limited for all the issued shares of the Company.

On 25 October 2017, Triumph Hope Limited had pledged 501,210,000 shares of the Company to Power Grand Limited which was wholly-owned by Mr. Chan Chung Shu as security for a term loan facility provided to Triumph Hope Limited. The share pledge had been released on 17 January 2018.

On 17 January 2018, Triumph Hope Limited had pledged 501,210,000 shares of the Company as security for a term loan facility provided to Triumph Hope Limited by Grand Harbour Finance Limited which was wholly-owned by Expert Wealth Investments Limited which was, in turn, wholly-owned by Mr. Ng Kwok Fai.

(3) Shanxi Coking Coal Group Company Limited is the beneficial owner of 100% of the issued share capital of Shanxi Coking Coal Electrical (Hong Kong) Company Limited and is deemed to be interested in the 58,800,000 Shares held by Shanxi Coking Coal Electrical (Hong Kong) Company Limited under the SFO.

Save as disclosed above, as at 31 December 2017, no person, other than a Director, whose interests are set out under the section headed "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares, underlying shares or debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed amount of public float as required under the Listing Rules as all times up to the date of this report (being the latest practicable date prior to the issue of this report).

Corporate Governance

Principal corporate governance practices of the Company and the Group are set out in the Corporate Governance Report of this Annual Report.

Important Events after Year End

A special resolutions set out in the SGM Notice were duly passed by way of poll by the Shareholders at the SGM held on 6 March 2018 change of the English name and Chinese secondary name of the Company from "Infinity Financial Group (Holdings) Limited 新融宇集團(控股)有限公司" to "Momentum Financial Holdings Limited 正乾金融控股有限公司" respectively with effect from the date of entry of the new English name and new Chinese secondary name on the Register of Companies by the Registrar of Companies in Bermuda and the issue of Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company by the Registrar of Companies in Hong Kong.

Auditor

SHINEWING (HK) CPA Limited retire and, being eligible, offer themselves for reappointment. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD
Chan Chung Shu
Chairman

Hong Kong
23 March 2018

Corporate Governance Report

The Board and management are committed to achieve high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its transparency and accountability. The Group has adopted the practices that has complied with all the code provisions as set out in Appendix 14 — Corporate Governance Code and Corporate Governance Report ("CG Code") of the Listing Rules. The Group will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business. It will review its corporate governance practices regularly to ensure compliance with the CG Code.

Board of Directors

During the year 2017, the Board comprises five executive Directors, one non-executive Director and five independent non-executive Directors. Each of the Directors has entered into a service contract with the Company for a term of one to two years. All Directors including the Chairman are required to retire from office by rotation and subject to re-election by the Shareholders at annual general meeting at least once every 3 years. Under the Company's bye-laws, one third of the Directors, must retire and be eligible for re-election at each annual general meeting. As such, no Director has a term of appointment longer than two years. The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to the CG Code and Rule 3.13 of the Listing Rules and considers that all independent non-executive Directors are independent. Within the five independent non-executive Directors, at least one of them possesses the appropriate professional qualifications, accounting or related financial management expertise.

During the year ended 31 December 2017, the composition of the Board as at the date of this report is as:

Executive directors

Mr. Chan Chung Shu *(Chairman)* (appointed on 22 January 2018)
Mr. Ng Hoi
Mr. Yu Xueming (resigned on 22 January 2018)
Mr. Yu Chuanfu (resigned on 22 January 2018)
Mr. Zheng Qiang (resigned on 22 January 2018)
Mr. Sit Yau Chiu (retired on 6 June 2017)

Non-executive director

Mr. Chan Yee, Herman (resigned on 15 June 2017)

Independent non-executive directors

Mr. Ho Man
Mr. Yeh Tung Ming
Mr. Zhang Hua (appointed on 15 September 2017)
Mr. Wang Wei Hung, Andrew (resigned on 15 June 2017)
Mr. Sin Ka Man (retired on 6 June 2017)
Mr. Zhao Li Xin (retired on 6 June 2017)

Chairman and Chief Executive Officer

The position of the Chairman is held by Mr. Chan Chung Shu. The Company has not had a designated chief executive officer and the day-to-day management of the Group's business is handled by the executive Directors collectively. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group's business operations.

The Board is responsible for promoting the success of the Group and its business by leading and supervising the Company's affairs. The Board is responsible for determining the Group's objectives, overall strategies and policies, approving business plan, evaluating operating, instilling corporate culture and financial performance. Its role is clearly separated from that of the senior management.

The Board has delegated the day-to-day operation responsibility of the Group to executive Directors and senior management. In addition, the Board has established Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. Biographical details of and the relationship between the Directors are set out in the section headed "Directors and Senior Management" of this annual report.

Nomination of Directors

The Board is responsible for the formulation of nomination policies, making recommendations to the shareholders for re-election, providing sufficient and accurate biographical details of directors to enable the Shareholders to make an informed decision on the re-election, and where necessary, nominating appropriate persons to fill in causal vacancies or as additions to the Board. The Chairman from time to time reviews the composition of the Board with particular regard to ensuring that there are an appropriate number of Directors on the Board independent of management. He also identifies and nominates qualified individuals for appointment as new Directors. When considering appointment of new Directors, the Board will take into consideration of criteria such expertise, experience, integrity and commitment.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Continuous Professional Development

Pursuant to the revised CG Code which has come into effect from 1 April 2012, all Directors and company secretary should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2017, all Directors and company secretary confirmed that they have complied with the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the directors during the year ended 31 December 2017.

Nomination Committee

The Company established nomination committee of the Company (the "Nomination Committee") on 11 October 2011 which is primarily responsible for making recommendations to the Board regarding the Group's engagement of appropriate directors and managerial personnel (including the expertise, experience, integrity and commitment) to complement the Company's corporate objectives and strategies. The terms of reference of the Nomination Committee were posted on the Company's website.

The Board has adopted a board diversity policy setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee comprises three independent non-executive Directors, namely, Mr. Ho Man, Mr. Yeh Tung Ming and Mr. Zhang Hua; and is chaired by Mr. Zhang Hua.

During the year ended 31 December 2017, the Nomination Committee had held 2 meetings and the Nomination Committee has reviewed the structure, size and composition of the Board, and recruitment procedure of Executive Directors and senior management.

Remuneration Committee

The Company established remuneration committee of the Company (the "Remuneration Committee") on 11 October 2011 which is primarily responsible for making recommendations to the Board regarding the Group's policies and structure for remuneration of Directors and senior management of the Group; determining the remuneration packages of Directors and senior management of the Group; and reviewing and approving their performance-based remuneration. The terms of reference of the Remuneration Committee were posted on the Company's website.

The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Ho Man, Mr. Yeh Tung Ming and Mr. Zhang Hua; and is chaired by Mr. Yeh Tung Ming.

During the year ended 31 December 2017, the Remuneration Committee had held 1 meeting and the Remuneration Committee has reviewed the remuneration policy and structure relating to Directors and senior management of the Group.

Audit Committee

The Company established audit committee of the Company (the "Audit Committee") on 11 October 2011 which is primarily responsible for overseeing the relationship between the Company and its external auditor in relation to the matters coming within the scope of the Group's audit; reviewing the Group's financial reporting process, adequacy and effectiveness of the Group's internal control system and risk management system. The terms of reference of the Audit Committee which describe the authorities and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the HKICPA and were posted on the Company's website.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Ho Man, Mr. Yeh Tung Ming and Mr. Zhang Hua; and is chaired by Mr. Ho Man.

During the year ended 31 December 2017, the Audit Committee had held 3 meetings and the Audit Committee reviewed the interim and annual results, and the interim and annual reports; met with external auditor to ensure appropriate accounting principles and practices adopted by the Group; and assisted the Board in meeting its responsibilities for maintaining an effective system of internal control.

Compliance with the Code on Corporate Governance Practices

The Company had complied throughout the year ended 31 December 2017 with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules, except in relation to the followings:

Pursuant to Rule 3.10(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), every board of directors of a listed issuer must include at least three independent non-executive directors. The audit committee of a listed issuer must comprise a minimum of three members under Rule 3.21 of the Listing Rules. Upon the resignation of Mr. Chan Yee, Herman with effect from 15 June 2017 as non-executive Director and Mr. Wang Wei Hung Andrew with effect from 15 June 2017 as independent non-executive Director, the Board comprises six members with four executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board has been reduced to two which is below the minimum number prescribed under Rule 3.10(1) of the Listing Rules. The number of members of the audit committee of the Company has been reduced to two which is below the minimum number prescribed under Rule 3.21 of the Listing Rules. The number of members of the nomination committee of the Company has been reduced to two and the Company does not meet the composition requirement of the nomination committee under code provision A.5.1 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules and is below minimum number prescribed under the relevant terms of references of the Company for the period 15 June 2017 to 15 September 2017.

In order to comply with Rule 3.10(1), Rule 3.21 and code provision A.5.1 of the Corporate Governance Code of the Listing Rules, the Company had appointed Mr. Zhang Hua to fill up the abovementioned vacancies on 15 September 2017.

Attendance of Meetings

The Company held Board meetings regularly for at least four times a year at approximately quarterly intervals with at least 14 days' notice was given to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice was given. The attendance record for each of the Directors at the Board meeting during the year ended 31 December 2017 was set out below.

	Attendance/Number of meetings				
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Chan Chung Shu	—	—	—	—	—
Mr. Ng Hoi	7/7	—	—	—	1/1
Mr. Yu Xueming	3/7	—	—	—	0/1
Mr. Yu Chuanfu	3/7	—	1/1	—	0/1
Mr. Sit Yau Chiu	1/2	—	—	—	—
Mr. Zheng Qiang	7/7	—	—	—	1/1
Non-executive Director					
Mr. Chan Yee, Herman	2/3	—	—	—	0/1
Independent Non-executive Directors					
Mr. Ho Man	6/7	3/3	1/1	2/2	1/1
Mr. Yeh Tung Ming	6/7	3/3	1/1	2/2	0/1
Mr. Zhang Hua	1/1	1/1	—	—	—
Mr. Wang Wei Hung, Andrew	2/3	1/1	—	1/1	0/1
Mr. Sin Ka Man	2/2	1/1	—	1/1	—
Mr. Zhao Li Xin	1/2	0/1	—	0/1	—

Directors' and Auditor's Responsibilities for the Accounts

The Directors acknowledge responsibilities for overseeing the preparation of the financial statements of the Group for the year ended 31 December 2017 which should give a true and fair view of the state of affairs and of the results and cash flows of the Group on a going concern basis.

The Directors' responsibilities in the preparation of the financial statements of the Group and the auditor's responsibilities are set out in the independent auditor's report.

Risk Management and Internal Control

During the year, the Group has complied with Principle C.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification*: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- *Evaluation*: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management*: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2017, no significant risk was identified.

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- *Risk Assessment*: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring*: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The Executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Based on the internal control reviews conducted in 2017, no significant control deficiency was identified.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via Audit Committee afterwards.

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

Audit Committee

The Board is responsible for overseeing the Group's internal control system and ensuring that a sound and effective internal control system is maintained. The Company has engaged professional staff with relevant expertise to conduct review and make recommendations for the improvement and strengthening of the internal control system. The professional staff with relevant expertise has reviewed the major internal controls and measures, including financial, operational and compliance as well as risk management and has made relevant recommendations for improvement of the internal control system to the Board. Any material non-compliance or failures in internal controls maintained by the Group and relevant recommendations for improvements are reported to the Audit Committee.

The Board has to be fully responsible for the stability and effectiveness of the systems of internal control and with management of the Group. It is also responsible for ensuring that recommendations made by the internal audit function and professional staff with relevant expertise are properly implemented. The Board recognizes that the Group's internal control system plays a key role in the management of risks, and the assurance of continued compliance with laws and regulations by the Group.

The Audit Committee has kept under review the system of internal control. Based on review undertaken together with reports submitted by the management and professional staff with relevant expertise, the Audit Committee will provide the Board with advice on the adequacy of the Group's internal control system, including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, in order to ensure that an effective internal control system is put in place. During the year under review, the Board considers that the Group has complied with the provisions on internal controls as stipulated in the CG Code. The Board is satisfied that the Group's internal control system including financial, operational and compliance controls and risk management functions as appropriate to the Group have been put in place and that no significant areas of improvement which are required to be brought to the attention of the Audit Committee have been revealed.

Auditor's Remuneration

The fees in relation to the audit and non-audit services provided by SHINEWING (HK) CPA Limited, the external auditor, to the Company and its subsidiaries for the year ended 31 December 2017 is analyzed below:

Type of services provided by the external auditor

	Fee HK$'000
Audit service	760
Non-audit services	
Review of preliminary announcement of results	10
Professional services rendered to the Group in respect of circular in connection with the Unconditional Mandatory Cash	153
Acted as tax representative of the Group's entities	7
Review of the internal control system of the Group for the year ended 31 December	130
Preparation of Environmental, Social and Governance Report for the year ended 31 December	75

How Shareholders Can Convene a Special General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the bye laws of the Company, any one or more Shareholder holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the company by mail to Room 2407, 24/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Procedures by Which Enquiries May be Put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the company secretary by mail to Room 2407, 24/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, or by email to info@1152.com.hk. The company secretary forwards communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the chief executive officer of the Company.

During the year ended 31 December 2017, there has been no significant change in the Company's constitutional documents.

Communications with Shareholders and Investors

General meeting of the Company provides a communication channel between the Shareholders and the Board that the shareholders of the Company are encouraged to participate in the Company's annual general meeting and any other meetings for any enquiries about the Company's performance.

The Company also maintains a website at www.1152.com.hk to disseminate information and updates on the Company's business developments and operations, financial information, corporate governance practices and other shareholders information to Shareholders as well as investors.

Environmental, Social and Governance Report

About the Report

The environmental, social and governance (the "ESG") report issued by Infinity Financial Group (Holdings) Limited (the "Company") represents a detailed account of the full implementation of the concept of sustainable development and performance of corporate social responsibilities by the Company and its subsidiaries (together, the "Group" or "we"). It elaborates on the various work of the Group in adherence to the principle of sustainable development and its performance of social governance during the period from 1 January 2017 to 31 December 2017 (the "Year").

Scope of the Report

The ESG report focuses on the environmental and social performance of the Group's operation of Hong Kong office and the core business in Mainland China during the Year. The focus of disclosure on key performance indicators of the Year is placed on Hong Kong office, and will be gradually expanded to other regions in the future. For detailed information about corporate governance, please refer to the corporate governance report on pages 23 to 31 of the Company's annual report.

Reporting Framework

The ESG report has been prepared based on "Environmental, Social and Governance Reporting Guide" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Stakeholder Engagement

Thanks to the participation of staff from different departments in preparing the ESG report, we have a better understanding of our development in environmental and social sense. The information we gathered were not only a summary of the environmental and social work carried out by the Group during the Year, but also the basis for us to develop our short and long-term sustainable development strategies.

Information and Feedbacks

For detailed information about the environmental and corporate governance of the Company, please refer to the official website (www.1152.com.hk) and the annual report of Infinity Financial Group (Holdings) Limited. Your opinions will be highly valued by the Company. If you have any advices or suggestions, please email at info@1152.com.hk.

Environmental Protection

Emissions

The Group is engaged in providing professional financial and consultancy services to customers, which mainly take place in office. As we operate in leased office, where building management solely controls the water supply and discharge, data related to the water usage cannot be collected. As for wastes, the Group's non-hazardous wastes are mainly domestic wastes handled by the building management. In addition, the Group's hazardous waste is mainly electronic waste from our office, such as light bulbs, batteries and ink cartridges. In order to handle hazardous waste in a proper way, we collect the empty ink cartridges for suppliers' handling. Since the amount of hazardous waste generated from the Hong Kong office in the Year was insignificant, the Group did not make relevant disclosure.

Energy Saving and Emission Reduction

The Group attaches great importance to environmental protection. In our business operation, we uphold the principles of "reduce", "recycle" and "reuse", take action to implement the idea of green office and raise staff's environmental awareness by promoting the idea of water saving to our staff. In addition, the business of the Group does not involve any use of packaging material.

For reduction of paper use and wastes reduction, the Group encourages its staff to reuse paper as well as adopt double-sided printing and double-sided copying. Recycling bins are set up in the office to collect waste paper, posters and envelopes for recycling. We also promote the use of electronic communication methods, such as using emails rather than facsimile or physical mails, and adopt electronic system for recordkeeping.

As for energy saving, the Group prefers the use of office equipment carrying Energy Labels, so as to uplift energy efficiency. We also encourage our staff to switch off electronic equipment such as computers, lighting and electronic supplies which are not in use when off duty.

In addition, the Group conducts regular inspection and maintenance for vehicles, so as to maintain vehicles performance. We also make sure that there is no idling engine in order to reduce exhaust gas emissions and fuel wasted.

Value Our Staff

Employment Standard

The Group strictly complies with the relevant laws and regulations related to employment in the places we operate, so as to protect our staff and provide them with reasonable remuneration packages.

The Group plans and looks for suitable candidates when appropriate according to the requirements of different positions, so as to satisfy business development needs. When recruiting talents, we select applicants in accordance to the requirements of the position, such as educational level, working experience and personal ability, and will not implement discriminatory policies based on the applicant's gender, age, race, religion or disability, so as to provide equal chances of interview to suitable applicants. When signing contract with a staff member, we will also check the identification documents of the staff member to ensure that no child labor is employed by mistake. Before every staff member officially takes office, we will provide him/her with the job descriptions of the position, clearly stating the duties and responsibilities of the role to prevent any forced labor. For the resigning staff, exit interviews would be arranged in order to understand their reasons of departure. In those cases, outstanding wages would be paid on time pursuant to the requirements of the laws and regulations.

Benefits and Development

We recognize our staff as our important assets and focus on protecting the staff's benefits. Therefore, we review the staff's wages regularly in accordance with the staff's performance, qualifications, experiences, and the operational performance of the Group, striving to provide competitive remuneration packages. Employees undergo annual performance appraisal, under which those with outstanding working performance may be promoted. The Group complies with the labor-related laws and regulations, maintaining reasonable hours of work for our staff and providing leave entitlements, such as annual leave, maternity leave, wedding leave, funeral leave and examination leave. The Group also provides benefits such as discretionary bonus, medical insurance, social security fund and provident fund to its staffs. Besides providing examination leave for staff to attend examination, we also provide appropriate subsidies for pursuing studies at our discretion and encourage our staff to pursue studies in disciplines related to their work, in supporting the enhancement of their professional knowledge and personal skills.

The Group is well aware of the importance of communicating with its staff. Therefore, department heads often engage in such communications and discussions. Where any staff members encounter any difficulties or problems on their work, they may seek help from their department heads. For better work-life balance, the Group often organizes leisure activities for its staff, to maintain their sound bodies and minds and at the same time strengthen the bonding among our staff and build up team spirit. During the Year, we gave away seasonal gifts and organized festive gatherings for our staff in Hong Kong.

Health and Safety

In order to safeguard the health and safety of staff, the Group strictly complies with relevant laws and regulations related to occupational safety in the places where we operate, and take out insurance policies for staff. Offices are required to be kept clean with sufficient lighting and good ventilation at all times, equipped with proper fire services installation and first aid supplies, to ensure staff are able to work in a safe environment.

Operating Practices

Supply Chain Management

Suppliers of the Group primarily provide us with office supplies. A procurement list based on our internal needs will be compiled and stock-taking will be performed, thereby ensuring the effective use of resources. When selecting suppliers, we shortlist suppliers according to their product quality. We give priority to those suppliers located nearby to minimize the delivery distance of goods, thereby reducing the carbon footprint generated during the delivery process.

Product Responsibility

The Group strives to provide quality services to our customers. In the course of our business operation, we comply with the laws and regulations in the places where we operate as well as the industry laws and regulations at all times. A complaint mechanism is also in place, under which a dedicated mailbox in our company website is particularly for handling customer complaints and enquiries.

In addition, we have formulated a non-disclosure mechanism in order to ensure customer data is kept strictly confidential. After use, all files must be returned back to where they are from. Without the permission of department heads, staff members are not allowed to take documents away from office, nor should they disclose any confidential information related to the Group to third parties. Striving to protect intellectual property rights, we also use authorized computer software.

Anti-corruption

According to the laws and regulations related to anti-corruption in the places where we operate, the staff of the Group are not allowed to demand or accept a bribe, including money, gifts, rewards, services or privileges, in connection with his/her duties. In order to prevent corruption, the staff are required to report to us if they encounter conflict of interest with their duties during their terms of employment. To avoid any misunderstanding, staff members are required to report to us if they receive any gifts from our customers, suppliers or any parties conducting business with us.

Community Involvement

Aside from business development, the Group also remains enthusiastic in participating in charity. During the Year, the Group continues to actively participate in charitable events, such as joining the Dress Casual Day and buying charity mooncakes, to help the disadvantaged.

Key Performance Indicators

During the Year, the data of key performance indicators for Hong Kong office are as follows:

Environmental Indicators	**2017**
Vehicle Emissions	
Nitrogen oxide emissions (kg)	8.56
Sulfur dioxide emissions (kg)	0.23
Particulate matter emissions (kg)	0.63
Greenhouse Gases	
Total greenhouse gases emissions (tonnes)	53
Total greenhouse gases emissions per staff (tonnes/staff)	4.44
Wastes	
Total non-hazardous wastes produced (tonnes)	0.64
Total non-hazardous wastes generated per staff (tonnes/staff)	0.05
Use of Resources	
Total energy consumption (MWh)	154
Total energy consumption per staff (MWh/staff)	12.83
Consumption of non-renewable fuels (MWh)	147
Electricity purchased for consumption (MWh)	7

Employment Indicators	**2017**
Number of Employees	
By Gender	
Male	9
Female	3
By Age	
Above 50	3
30–50	8
Below 30	1
Average Training Hours Completed by Each Employee (Hours) and Percentage of Employees Trained (%)	
By Gender	
Male	7 (89)
Female	4 (67)

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF INFINITY FINANCIAL GROUP (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Infinity Financial Group (Holdings) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 41 to 94, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Impairment of finance lease receivables

Refer to note 15 to the consolidated financial statements and the accounting policies on pages 55 and 56.

The key audit matter	How the matter was addressed in our audit
The Group has finance lease receivables amounted to approximately HK$41,631,000 as at 31 December 2017 which are significant to the consolidated financial statements. We have identified the valuation of finance lease receivables as a key audit matter because performing the impairment assessment of finance lease receivables if there is impairment indicator involves a significant degree of management judgment.	Our procedures were designed to review management's assessment on impairment indicators and management's valuation on finance lease receivables. We have reviewed the process of the Group for granting credit period to lessee by inspecting the credit policy of the Group. Financial information of the lessee was obtained to assess the recoverability of outstanding receivables, such as the repayment pattern of the lessee, and to confirm any default or delay of payment that had occurred previously. We have also discussed with the management and have reviewed the assumptions used in the impairment process that derive the Group to make impairment of finance lease receivables, we have checked to its subsequent settlement to assess whether impairment loss is necessary to provide. During the impairment assessment process, the management has to determine the recoverable amounts of the finance lease receivables in accordance with HKFRSs. We have assessed the appropriateness of the calculation methodologies on the impairment made.

Information Other Than the Consolidated Financial Statements and Our Auditor's Report Thereon

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Pang Wai Hang.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
23 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	5	**77,150**	61,742
Cost of sales		**(70,252)**	(50,436)
Gross profit		**6,898**	11,306
Other operating income	5	**8,518**	4,585
Gain on disposal of a subsidiary	30	**19,674**	—
Change in fair value of held-for-trading investment		**(3,249)**	2,924
Selling and distribution expenses		**(609)**	(2,611)
Administrative and other expenses		**(25,945)**	(43,739)
Finance costs	7	**(16,123)**	(14,836)
Loss before taxation		**(10,836)**	(42,371)
Income tax expense	8	**(72)**	(573)
Loss for the year	9	**(10,908)**	(42,944)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6,109**	(7,189)
Release of revaluation reserve upon disposal of available-for-sale investment		**—**	(330)
Total other comprehensive income (expense)		**6,109**	(7,519)
Total comprehensive expense for the year		**(4,799)**	(50,463)
Loss per share (HK cents)	10		
Basic and diluted		**(1.11)**	(4.37)

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**11,182**	14,271
Interest in a joint venture	14	**—**	—
Finance lease receivables	15	**—**	34,608
		11,182	48,879
Current assets			
Inventories	16	**7,086**	—
Trade and other receivables	17	**10,412**	43,528
Finance lease receivables	15	**41,631**	27,597
Held-for-trading investment	18	**855**	4,104
Income tax recoverable		**669**	—
Bank balances and cash	19	**87,308**	153,806
		147,961	229,035
Current liabilities			
Other payables	20	**6,751**	31,039
Other borrowings	21	**50,000**	80,000
Convertible bonds	22	**—**	58,812
Income tax payables		**701**	1,925
		57,452	171,776
Net current assets		**90,509**	57,259
Total assets less current liabilities		**101,691**	106,138
Non-current liability			
Corporate bonds	23	**8,708**	8,356
		92,983	97,782
Capital and reserves			
Share capital	24	**4,910**	4,910
Reserves		**88,073**	92,872
		92,983	97,782

The consolidated financial statements on pages 41 to 94 were approved and authorised for issue by the board of directors on 23 March 2018 and are signed on its behalf by:

Ng Hoi
Director

Chan Chung Shu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Convertible bonds equity reserve HK$'000 (note 22)	Revaluation reserve HK$'000	Other reserve HK$'000 (Note)	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2016	4,910	190,049	4,244	330	9,943	(6,332)	(54,899)	148,245
Loss for the year	—	—	—	—	—	—	(42,944)	(42,944)
Other comprehensive expense for the year:								
Fair value gain on available-for-sale Investment	—	—	—	(330)	—	—	—	(330)
Exchange difference arising on translation of foreign operations	—	—	—	—	—	(7,189)	—	(7,189)
Total comprehensive expense for the year	—	—	—	(330)	—	(7,189)	(42,944)	(50,463)
At 31 December 2016	4,910	190,049	4,244	—	9,943	(13,521)	(97,843)	97,782
Loss for the year	—	—	—	—	—	—	(10,908)	(10,908)
Other comprehensive income for the year:								
Exchange difference arising on translation of foreign operations	—	—	—	—	—	6,109	—	6,109
Total comprehensive income (expense) for the year	—	—	—	—	—	6,109	(10,908)	(4,799)
Transfer to accumulated losses upon early redemption of convertible bonds	—	—	(4,244)	—	—	—	4,244	—
At 31 December 2017	4,910	190,049	—	—	9,943	(7,412)	(104,507)	92,983

Note: Other reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(10,836)**	(42,371)
Adjustments for:		
Change in fair value of held-for-trading investment	**3,249**	(2,924)
Depreciation of property, plant and equipment	**3,903**	4,131
Finance costs	**16,123**	14,836
Loss (gain) on disposal of property, plant and equipment	**437**	(228)
Loss on written-off of property, plant and equipment	**—**	156
Gain on disposal of a subsidiary	**(19,674)**	—
Write back of other payables	**(1,129)**	—
Loss on early redemption of convertible bonds	**41**	—
Impairment loss recognised in respect of other receivables	**437**	—
Bank interest income	**(467)**	(1,563)
Operating cash flows before movements in working capital	**(7,916)**	(27,963)
Increase in inventories	**(7,086)**	—
Decrease in held-for-trading investment	**—**	10,040
Decrease (increase) in trade and other receivables	**34,117**	(25,070)
Decrease in finance lease receivables	**24,131**	11,169
Increase in other payables	**1,661**	1,176
Cash generated from (used in) operations	**44,907**	(30,648)
Income tax paid	**(1,416)**	(1,043)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**43,491**	(31,691)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(542)**	(322)
Interest received	**467**	1,563
Deposit refunded for acquisition of property, plant and equipment	**—**	609
Proceeds from disposal of property, plant and equipment	**—**	253
Redemption of available-for-sale investment	**—**	9,550
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(75)**	11,653
FINANCING ACTIVITIES		
New other borrowings raised	**50,000**	—
Interest paid	**(20,307)**	(14,826)
Redemption of convertible bonds	**(60,000)**	—
Repayment of other borrowings	**(80,000)**	(30,000)
Repayment of obligations under finance leases	**—**	(127)
NET CASH USED IN FINANCING ACTIVITIES	**(110,307)**	(44,953)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(66,891)**	(64,991)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**153,806**	219,553
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**393**	(756)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**87,308**	153,806

1. General Information

Infinity Financial Group (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent and ultimate parent is also Triumph Hope Limited (incorporated in the British Virgin Islands). Its ultimate controlling party is Mr. Chan Chung Shu. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

A special resolution set out in a special general meeting ("SGM") notice was duly passed by way of poll by the shareholders at the SGM held on 6 March 2018 to change the English name and Chinese secondary name of the Company from "Infinity Financial Group (Holdings) Limited 新融宇集團 (控股) 有限公司" to "Momentum Financial Holdings Limited 正乾金融控股有限公司" respectively with effect from both the completion date of entry of the new English name and new Chinese secondary name on the Register of Companies by the Registrar of Companies in Bermuda and the issue of Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company by the Registrar of Companies in Hong Kong.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the provision of finance leasing services and trading of metals and nutritional food products.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars as the directors of the Company consider that HK$ is appropriate presentation currency for the users of the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of other new and revised 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 amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Amendments to HKAS 7 Disclosure Initiative (Continued)

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 36. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 36, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after 1 January 2021.
[4] Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) **Classification and measurement**
The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) **Impairment**
The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables and finance lease receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and finance lease receivables and increase the amount of impairment allowance recognised for these items.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

(b) **Impairment (Continued)**

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are trading of goods and provision of finance leasing services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 December 2017.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related interpretations when it becomes effective.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 Leases (Continued)

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 *Revenue from Contracts* with Customers at or before the date of initial application of HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of approximately HK$7,565,000 as disclosed in note 31. Out of this balance, an amount of approximately HK$7,565,000 represents operating leases with original lease terms of over one year in which the Group will recognise right-to-use assets and corresponding lease liabilities unless they are exempt from the reporting obligations under HKFRS 16. The directors of the Company expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

3. Significant Accounting Policies

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

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

3. Significant Accounting Policies (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

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

Investment in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

3. Significant Accounting Policies (Continued)

Investment in a joint venture

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

The Group's investment in a joint venture is accounted for in the consolidated financial statements using the equity method. Under the equity method, investment in a joint venture is initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of a joint venture are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of a joint venture equals or exceeds its interest in a joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

After application of the equity method, including recognising the joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the joint venture. The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Gains and losses resulting from transactions between the Group and its joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. The Group's share in the joint venture's gains or losses resulting from these transactions is eliminated.

Property, plant and equipment

Property, plant and equipment including leasehold land and buildings (classified as finance leases) for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

3. Significant Accounting Policies (Continued)

Financial instruments

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

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

Financial assets

The Group's financial assets include loans and receivables and financial assets at FVTPL . The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss is included in the change in fair value of held-for-trading investment line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 29.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

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

Impairment loss on financial assets

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

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

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

For certain categories of financial asset, such as finance lease receivables and trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 0–30 days (2016: 0–45 days), observable changes in national or local economic conditions that correlate with default on receivables.

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

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

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Impairment loss on financial assets (Continued)

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

Financial liabilities and equity instruments

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

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities including other payables, other borrowings, corporate bonds and liability portion of convertible bonds are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Equity instruments

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

Convertible bonds

Convertible bonds issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definition of financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity (convertible bonds equity reserve).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Convertible bonds (Continued)

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds equity reserve until the embedded option is exercised (in which case the balance stated in convertible bonds equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds equity reserve will be released to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity components are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

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

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short-term deposits as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. Significant Accounting Policies (Continued)

Impairment of tangible assets (Continued)

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Revenue recognition

(i) Sale of goods

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered or the receipt of goods is acknowledged by the buyer and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from customers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

(ii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

(iii) Finance lease interest income

Finance lease interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(iv) Finance lease penalty income

Finance lease penalty income from a finance lease is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

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

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

Borrowing costs

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

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

3. Significant Accounting Policies (Continued)

Employee benefits

Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered services entitling them to the contribution.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

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

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

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

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

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

3. Significant Accounting Policies (Continued)

Taxation (Continued)

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

Current and deferred tax is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

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

Fair value measurement

When measuring fair value, except for the Group's leasing transactions and net realisable value of inventories, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Significant Accounting Policies (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimates (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Classification between finance leasing and operating leasing

Leases are required to be classified as either finance leases (which transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor) and operating leases (which result in expense recognition by the lessee, with the asset remaining recognised by the lessor). The directors of the Company are satisfied that the terms of the leases transferred substantially all the risks and rewards of ownership to the lessees and the lease contracts entered are classified as finance leases. Details are set out in note 15.

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty

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

Impairment of trade and other receivables and finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2017, the carrying amount of trade and other receivables is approximately HK$7,433,000 (31 December 2016: HK$9,241,000). Impairment losses of approximately HK$455,000 (2016: nil) has been recognised as at 31 December 2017.

As at 31 December 2017, the carrying amount of finance lease receivables is approximately HK$41,631,000 (31 December 2016: HK$62,205,000). No impairment loss has been recognised as at 31 December 2017 (2016: nil).

5. Revenue and Other Operating Income

An analysis of the Group's revenue and other operating income for the year is as follows:

	2017 HK$'000	2016 HK$'000
Sales of metal products	**49,789**	50,930
Sales of nutritional food products	**21,344**	—
Finance lease interest income	**6,017**	10,812
	77,150	61,742
Other operating income		
Bank interest income	**467**	1,563
Exchange gain, net	**5,855**	—
Finance lease penalty income	**925**	2,618
Write back of other payables	**1,129**	—
Gain on disposal of property, plant and equipment	**—**	228
Value added tax refund	**—**	43
Others	**142**	133
	8,518	4,585
	85,668	66,327

6. Segment Information

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The directors of the Company have chosen to organise the Group around differences in products and services.

During the year ended 31 December 2017, the Group introduced a new reportable and operating segment — trading of nutritional food products.

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

(i) Finance leasing engages in finance leasing business (earning interest income and handling fee) and purchasing of leased assets.

(ii) Trading business — metals products.

(iii) Trading business — nutritional food products

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Segment revenues and results

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

For the year ended 31 December 2017

	Finance leasing HK$'000	Trading business — metal products HK$'000	Trading Business — nutritional food products HK$'000	Total HK$'000
Segment revenue	6,017	49,789	21,344	77,150
Segment profit	5,175	491	341	6,007
Unallocated operating income				1,751
Gain on disposal of a subsidiary				19,674
Change in fair value of held-for-trading investment				(3,249)
Unallocated expenses				(18,896)
Finance costs				(16,123)
Loss before taxation				(10,836)

6. Segment Information (Continued)

Segment revenues and results (Continued)

For the year ended 31 December 2016

	Finance leasing HK$'000	Trading business — metal products HK$'000	Total HK$'000
Segment revenue	10,812	50,930	61,742
Segment (loss) profit	(19,626)	496	(19,130)
Unallocated operating income			1,791
Change in fair value of held-for-trading investment			2,924
Unallocated expenses			(13,120)
Finance costs			(14,836)
Loss before taxation			(42,371)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by or the loss from each segment without allocation of gain on disposal of a subsidiary, change in fair value of held-for-trading investment, loss on early redemption of convertible bonds, certain selling and distribution expenses, central administrative costs, directors' salaries, certain other operating income and finance costs. This is the measure reported to the chief executive officer for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets	**2017 HK$'000**	2016 HK$'000
Trading business		
— Metal products	**—**	33,492
— Nutritional food products	**12,426**	—
Finance leasing	**54,647**	82,709
Total segment assets	**67,073**	116,201
Unallocated corporate assets	**92,070**	161,713
Consolidated assets	**159,143**	277,914

Segment liabilities	**2017 HK$'000**	2016 HK$'000
Trading business		
— Nutritional food products	**2,062**	—
Finance leasing	**31**	2,062
Total segment liabilities	**2,093**	2,062
Unallocated corporate liabilities	**64,067**	178,070
Consolidated liabilities	**66,160**	180,132

6. Segment Information (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than bank balances and cash, held-for-trading investment, income tax recoverable and other assets for corporate use including certain plant and equipment and other receivables which were managed in a centralised manner.
- all liabilities are allocated to operating segments other than certain other payables, income tax payables, convertible bonds, corporate bonds and other borrowings which were managed in a centralised manner.

Other segment information

For the year ended 31 December 2017

	Finance leasing HK$'000	Trading business — metal products HK$'000	Trading Business — nutritional food products HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets					
Addition to non-current assets (Note)	—	—	—	542	542
Depreciation of property, plant and equipment	3,262	—	—	641	3,903
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets					
Change in fair value of held-for-trading investment	—	—	—	3,249	3,249
Loss on early redemption of convertible bonds	—	—	—	41	41
Finance costs	—	—	—	16,164	16,164
Loss on disposal of property, plant and equipment	—	—	—	437	437
Impairment loss recognised in respect of other receivables	—	—	—	437	437
Income tax expense	—	—	56	16	72
Bank interest income	(213)	—	—	(254)	(467)
Gain on disposal of subsidiary	—	—	—	(19,674)	(19,674)
Write back of other payables	—	—	—	(1,129)	(1,129)

Note: Non-current assets excluded finance lease receivables.

6. Segment Information (Continued)

Other segment information (Continued)

For the year ended 31 December 2016

	Finance leasing HK$'000	Trading business — metal products HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or segment assets				
Addition to non-current assets (Note)	48	—	274	322
Depreciation of property, plant and equipment	3,308	—	823	4,131
Gain on disposal of property, plant and equipment	—	—	(228)	(228)
Loss on written-off of property, plant and equipment	—	—	156	156
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets				
Change in fair value of held-for-trading investment	—	—	(2,924)	(2,924)
Income tax expense	366	—	207	573
Bank interest income	(291)	—	(1,272)	(1,563)
Finance costs	—	—	14,836	14,836

Note: Non-current assets excluded finance lease receivables.

6. Segment Information (Continued)

Revenue from major products and services

The following is an analysis of the Group's revenue from sales of goods and provision of finance leasing services to external customers:

	2017 HK$'000	2016 HK$'000
Sales of metal products	**49,789**	50,930
Sales of nutritional food products	**21,344**	—
Finance lease interest income	**6,017**	10,374
Finance lease handling fee	**—**	438
	77,150	61,742

Geographical information

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

Information about the Group's revenue from external customers is presented based on the location of the operations. The Group's information about its non-current assets based on the geographical location of the assets is detailed below:

	Revenue from external customers		Non-current assets (Note)	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
The PRC	**55,806**	61,742	**9,970**	13,086
Hong Kong	**21,344**	—	**1,212**	1,185
	77,150	61,742	**11,182**	14,271

Note: Non-current assets excluded financial lease receivables.

6. Segment Information (Continued)

Information about major customers

Revenue from the customers of the corresponding year contributing over 10% of the total revenue of the Group during the years are as follows:

	2017 HK$'000	2016 HK$'000
Customer A[1]	**N/A[3]**	50,930
Customer B[1]	**30,054**	N/A[3]
Customer C[1]	**19,735**	N/A[3]
Customer D[2]	**11,345**	N/A[3]
Customer E[2]	**9,999**	N/A[3]

1 Revenue from trading business — metal products segment

2 Revenue from trading business — nutritional food products segment

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group

7. Finance Costs

	2017 HK$'000	2016 HK$'000
Interest on:		
— other borrowings	**11,022**	11,117
— obligation under finance lease	**—**	9
Effective interest expenses on:		
— convertible bonds	**4,049**	3,008
— corporate bonds	**1,052**	702
	16,123	14,836

8. Income Tax Expense

	2017 HK$'000	2016 HK$'000
Current tax:		
Hong Kong Profits Tax	**56**	—
PRC Enterprise Income Tax	**16**	207
Under-provision in prior years:		
PRC Enterprise Income Tax	**—**	366
	72	573

8. Income Tax Expense (Continued)

(i) Hong Kong Profits Tax was calculated at 16.5% of the estimated profit for the year ended 31 December 2017 (2016: 16.5%). No provision for Hong Kong profits tax was made for the year ended 31 December 2016 as the Group did not have any assessable profits subject to Hong Kong Profits Tax for that year.

(ii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(iii) The change for the year to PRC EIT has been relieved by approximately HK$1,670,000 as a result of tax losses brought forward from previous years.

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

	2017 **HK$'000**	2016 HK$'000
Loss before taxation	**(10,836)**	(42,371)
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	**(1,509)**	(9,284)
Tax effect of expense not deductible for tax purposes	**4,420**	7,548
Tax effect of income not taxable for tax purposes	**(3,480)**	(2,329)
Utilisation of tax losses previously not recognised	**(1,670)**	(30)
Tax effect of tax losses not recognised	**2,311**	4,302
Under-provision in prior years	**—**	366
Income tax expense for the year	**72**	573

At the end of the reporting period, the Group has unused tax losses of approximately HK$29,668,000 (2016: HK$23,647,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$14,946,000 (2016: HK$19,096,000) that will expire after five years from the year of assessment to which they relate. Other losses may be carried forward indefinitely.

9. Loss for the Year

	2017 HK$'000	2016 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments (Note 11)	**3,993**	3,974
Salaries and other allowances (excluding directors' and chief executive's emoluments)	**3,054**	6,670
Retirement benefit scheme contributions (excluding directors' and chief executive's emoluments)	**233**	961
Total staff costs	**7,280**	11,605
Auditor's remuneration	**760**	737
Amount of inventories recognised as expense	**70,252**	50,436
Depreciation of property, plant and equipment	**3,903**	4,131
Loss on disposal of property, plant and equipment	**437**	156
Loss on early redemption of convertible bonds	**41**	—
Net exchange loss	**—**	8,568
Impairment loss recognised in respect of other receivables	**437**	—
Minimum lease payments in respect of operating lease for office premises	**5,046**	6,300

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 HK$'000	2016 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(10,908)**	(42,944)

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**982,000**	982,000

Diluted loss per share was same as the basic loss per share for the year ended 31 December 2017 and 2016 as the computation of diluted loss per share did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share.

11. Directors', Chief Executive's and Employees' Emoluments

(a) Directors' and chief executive's emoluments

Details of emoluments paid and payable to each of the directors and chief executive of the Company and are as follows:

	Year ended 31 December 2017			
	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
Executive directors:				
Mr. Ng Hoi (appointed on 3 November 2016)	—	700	18	718
Mr. Zheng Qiang (resigned on 22 January 2018)	—	600	18	618
Mr. Yu Xueming (resigned on 22 January 2018)	—	780	18	798
Mr. Yu Chuanfu (resigned on 22 January 2018)	—	756	18	774
Mr. Sit Yau Chiu (retired on 6 June 2017)	—	260	8	268
Non-executive director:				
Mr. Chan Yee, Herman (resigned on 15 June 2017)	92	—	—	92
Independent non-executive directors:				
Mr. Ho Man (appointed on 3 November 2016)	200	—	—	200
Mr. Yeh Tung Ming (appointed on 3 November 2016)	200	—	—	200
Mr. Zhang Hua (appointed on 15 September 2017)	59	—	—	59
Mr. Wang Wei Hung, Andrew (resigned on 15 June 2017)	92	—	—	92
Mr. Sin Ka Man (retired on 6 June 2017)	87	—	—	87
Mr. Zhao Li Xin (retired on 6 June 2017)	87	—	—	87
	817	3,096	80	3,993

11. Directors', Chief Executive's and Employees' Emoluments (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Year ended 31 December 2016			
	Fees HK$'000	Salaries and other allowances HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
Executive directors:				
Mr. Ng Hoi (appointed on 3 November 2016)	—	96	—	96
Mr. Zheng Qiang (resigned on 22 January 2018)	—	600	18	618
Mr. Yu Xueming (resigned on 22 January 2018)	—	780	18	798
Mr. Yu Chuanfu (resigned on 22 January 2018)	—	756	18	774
Mr. Sit Yau Chiu (retired on 6 June 2017)	—	600	18	618
Mr. Han Hanting (resigned on 3 May 2016)	—	200	6	206
Non-executive director:				
Mr. Chan Yee, Herman	200	—	—	200
Independent non-executive directors:				
Mr. Ho Man (appointed on 3 November 2016)	32	—	—	32
Mr. Yeh Tung Ming (appointed on 3 November 2016)	32	—	—	32
Mr. Wang Wei Hung, Andrew (resigned on 15 June 2017)	200	—	—	200
Mr. Sin Ka Man (retired on 6 June 2017)	200	—	—	200
Mr. Zhao Li Xin (retired on 6 June 2017)	200	—	—	200
	864	3,032	78	3,974

Mr. Yu Chuanfu is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

None of the directors waived or agreed to waive any emoluments during the years ended 31 December 2017 and 2016.

11. Directors', Chief Executive's and Employees' Emoluments (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2016: four) were directors and chief executive of the Company. The emoluments of the directors and chief executive of the Company are included in the disclosures in note 11(a) above. The emoluments of the remaining one (2016: one) individuals were as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other allowances	960	1,025
Performance related incentive payments (Note)	160	80
Retirement benefit scheme contributions	18	18
	1,138	1,123

Note: The performance related incentive payments are determined with reference to the operating results and individual performance during both years.

The emoluments of the remaining one individual were within the following band:

	Number of individuals	
	2017	2016
HK$1,000,001 to HK$1,500,000	1	1

During the years ended 31 December 2017 and 2016, no emoluments were paid or payable by the Group to the directors, chief executive or the five highest paid individual of the Group as an inducement to join or upon joining the Group or as a compensation for loss of office.

12. Dividends

No dividend was paid or proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

13. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Leasehold improvement HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 January 2016	9,668	13,648	2,201	10,942	4,604	41,063
Additions	—	—	—	322	—	322
Disposal	—	—	—	—	(1,510)	(1,510)
Written-off	—	(274)	—	(94)	—	(368)
Exchange realignment	(626)	(29)	(502)	(402)	(62)	(1,621)
At 31 December 2016	9,042	13,345	1,699	10,768	3,032	37,886
Additions	—	51	484	7	—	542
Disposal	—	—	—	—	(928)	(928)
Exchange realignment	682	42	128	439	29	1,320
At 31 December 2017	9,724	13,438	2,311	11,214	2,133	38,820
ACCUMULATED DEPRECIATION						
At 1 January 2016	254	13,109	567	5,684	1,889	21,503
Provided for the year	426	148	326	2,484	747	4,131
Eliminated on disposal	—	—	—	—	(1,158)	(1,158)
Eliminated on written-off	—	(151)	—	(61)	—	(212)
Exchange realignment	(36)	(17)	(410)	(173)	(13)	(649)
At 31 December 2016	644	13,089	483	7,934	1,465	23,615
Provided for the year	420	99	346	2,486	552	3,903
Eliminated on disposal	—	—	—	—	(376)	(376)
Exchange realignment	66	27	50	345	8	496
At 31 December 2017	1,130	13,215	879	10,765	1,649	27,638
CARRYING VALUES						
At 31 December 2017	8,594	223	1,432	449	484	11,182
At 31 December 2016	8,398	256	1,216	2,834	1,567	14,271

13. Property, Plant and Equipment (Continued)

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

Leasehold land and buildings	Over the shorter of term of the lease or 50 years
Office equipment	20%
Furniture and fixtures	10% to 20%
Leasehold improvement	Over the shorter of term of the lease or 5 years
Motor vehicles	20%

(ii) At 31 December 2016, the Group was in the process of obtaining the ownership certificate for a property included in the buildings above, the carrying value of which at that date were approximately HK$8,398,000. Subsequently in June 2017, such ownership certificate was obtained.

14. Interest in a Joint Venture

	2017 HK$'000	2016 HK$'000
Costs of investments in a joint venture		
Unlisted	–	–
Share of post-acquisition losses and other comprehensive income	–	–
	–	–

As at 31 December 2017 and 2016, the Group had interests in the following joint venture:

Name of entity	Form of entity	Registered capital	Country of incorporation/ registration	Principal place of operation	Class of shares held	Proportion of ownership interests or participating shares held by the Group		Proportion of voting power held		Principal activity
						2017	2016	2017	2016	
Hebao (Shenzhen) Information Technology Company Limited* (荷包(深圳)信息科技有限公司)	Incorporated	RMB20,000,000	The PRC	The PRC	Ordinary	49%	49%	49%	49%	Inactive

As at 31 December 2017 and up to the date of this report, no capital was injected to the joint venture by the Group.

* English name is for identification purpose only

15. Finance Lease Receivables

Certain of the vessel and machineries of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	Minimum lease payments		Present value of minimum lease payments	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Finance lease receivables comprises:				
Within one year	**42,057**	29,730	**41,631**	27,597
After one year but within two years	**—**	39,107	**—**	34,608
	42,057	68,837	**41,631**	62,205
Less: Unearned finance income	**(426)**	(6,632)	**—**	—
Present value of minimum lease payment receivables	**41,631**	62,205	**41,631**	62,205
Analysed for reporting purposes as:				
Current assets			**41,631**	27,597
Non-current assets			**—**	34,608
			41,631	62,205

Effective interest rates of the above finance lease were 13% (2016: range from 13% to 15.56%) per annum.

The relevant lease contracts entered into of approximately HK$41,631,000 (2016: HK$62,205,000) was aged within 1 year (2016: 2 years) at the end of the reporting period.

Finance lease receivables are secured over the vessel and machineries leased as at 31 December 2016 and 2017. The ownership of certain leased assets will be transferred to the lessees at a purchase option of RMB1 (2016: RMB100) upon the settlement of the receivable under the finance lease arrangement and the interest accrued under the lease arrangement.

The finance lease receivables are neither past due nor impaired.

16. Inventories

	2017 HK$'000	2016 HK$'000
Goods-in-transit	**7,086**	—

17. Trade and Other Receivables

	2017 HK$'000	2016 HK$'000
Trade receivables	**3,323**	—
Other receivables	**4,565**	9,241
Less: allowance for impairment losses	**(455)**	—
	4,110	9,241
Prepayments	**2,979**	34,287
	10,412	43,528

The Group generally allows an average credit period of 0–30 days (2016: 0–45 days) to its trade customers. The following is an aged analysis of trade receivables presented based on the date of acknowledgement of receipt of goods by customers, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2017 HK$'000	2016 HK$'000
0 — 30 days	**3,323**	—

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limit. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Included in the Group's trade receivable balance as at 31 December 2017, approximately HK$3,323,000 (2016: nil), representing 100% (2016: nil) of the total trade receivables is due from the Group's largest debtor.

The Group does not hold any collateral over these balances.

Included in the prepayments was prepayment for purchasing of nutritional food products of approximately HK$2,019,000 (2016: prepayment for purchasing of metal products of RMB30,000,000 (equivalent to approximately HK$33,492,000)). The prepayment as at 31 December 2016 was refunded subsequently after the end of reporting period due to the termination of the purchase contract.

As at 31 December 2017, approximately HK$1,454,000 (31 December 2016: HK$440,000) of other receivables of the Group were denominated in HK$ which are not the functional currencies of the relevant group entities.

17. Trade and Other Receivables (Continued)

The movement in the allowance for impairment for other receivables is set out below:

	2017 HK$'000	2016 HK$'000
At 1 January	—	—
Impairment loss recognised on other receivables	437	—
Exchange realignment	18	—
At 31 December	455	—

At 31 December 2017, the Group's other receivables of approximately HKD455,000 (2016: nil) were individually impaired. The individually impaired receivables related to debts with long age and management assessed that full amount of these receivables is unlikely to be recovered.

18. Held-For-Trading Investment

Held-for-trading investment comprises:

	2017 HK$'000	2016 HK$'000
Equity securities listed in Hong Kong	855	4,104

19. Bank Balances and Cash

Bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. For the year ended 31 December 2017, bank balances carried interest at the prevailing market rate ranging from 0.001% to 0.4% per annum (2016: 0.001% to 0.4% per annum).

As at 31 December 2017, the Group's bank balances and cash denominated in RMB amounted to approximately HK$79,785,000 (2016: HK$112,333,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

As at 31 December 2017, approximately HK$2,516,000 (2016: HK$109,000), HK$80,000 (2016: HK$16,878,000) and HK$122,000 (2016: HK$114,000) of the bank balances and cash of the Group were denominated in HK$, US$ and RMB respectively which are not the functional currencies of the relevant group entities.

20. Other Payables

	2017 HK$'000	2016 HK$'000
Receipt in advance	**2,062**	1,685
Interest payable	**1,533**	7,216
Value added tax payable	**919**	11,585
Other payables	**2,237**	10,553
	6,751	31,039

(i) Receipt in advance represented advance payments of related sales of goods from customers pursuant to the respective sales contracts.

(ii) As at 31 December 2017, approximately HK$3,246,000 (2016: HK$8,109,000) of other payables of the Group were denominated in HK$ which are not the functional currencies of the relevant group entities.

21. Other Borrowings

	2017 HK$'000	2016 HK$'000
Unsecured:		
Other borrowings payable within one year* (Note i)	**50,000**	80,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(i) As at 31 December 2016, other borrowing of approximately HK$43,000,000 was raised from a convertible bondholder for the partial redemption of convertible bonds which carried an interest rate at 13% per annum. The convertible bondholder became a shareholder of the Company upon the partial conversion of convertible bonds during the year ended 31 December 2015. Details are set out in note 21. The borrowing has been fully repaid during the year ended 31 December 2017.

As at 31 December 2016, other borrowing of approximately HK$37,000,000 was raised from a subsidiary of a shareholder of the Company for the partial redemption of convertible bonds which carries an interest rate at 13% per annum. Details are set out in note 21. The borrowing has been fully repaid during the year ended 31 December 2017.

As at 31 December 2017, other borrowing of approximately HK$50,000,000 was raised from an independent third party payable in one year, which carried an interest rate at 10% per annum. The loan will be repaid in accordance with the agreed term and will be fully settled in April 2018.

As at 31 December 2017, HK$50,000,000 (2016: HK$80,000,000) of other borrowings of the Group were denominated in HK$ which is not the functional currency of the relevant group entity.

22. Convertible Bonds

On 9 May 2014, the Company issued 5% per annum coupon rate convertible bonds at principal amount of HK$200,000,000 and HK$100,000,000 to Vision Future Global Limited ("Vision Future") and Orient Finance Holdings (Hong Kong) Ltd. ("Orient Finance"), the independent third parties, respectively. The convertible bonds are denominated in HK$. The bonds mature in 36 months from the date of issuance and can be converted into shares of the Company with the agreement from bondholders at any time before the maturity date at an initial conversion price of HK$1 per share. The convertible bonds are transferable and non-redeemable before maturity. Interest of 5% per annum was payable annually up until the settlement date.

On 25 September 2014, a deed of amendment has been entered into by the Company and the convertible bondholders that the convertible bonds were changed to be redeemable upon mutual consent between the Company and the bondholders. Other terms of the convertible bonds remain unchanged. No convertible bond has been converted or early redeemed on that date. On 31 October 2014, such modification have been duly passed by shareholders in a special general meeting. Such modification of terms did not result in the extinguishment of the financial liability of the convertible bonds.

The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity heading convertible bonds equity reserve. The effective interest rate of the liability component is 8% per annum.

On 14 November 2014 and 18 November 2014, the Company early redeemed partially the convertible bonds with the principal amounts of HK$140,000,000 and HK$43,000,000 from Vision Future and Orient Finance, respectively. This gave rise to an early redemption gain of approximately HK$17,928,000 for the year ended 31 December 2014 recognised in profit or loss.

On 20 May 2015, the principal amount of HK$10,000,000 convertible bonds was converted into 10,000,000 shares by Orient Finance at conversion price of HK$1 each.

On 28 July 2015, the Company further early redeemed partially the convertible bonds with the principal amounts of HK$37,000,000 from Orient Finance. This gave rise on an early redemption gain of approximately HK$4,992,000 for the year ended 31 December 2015 recognised in profit or loss. On the same date, another principal amount of HK$10,000,000 convertible bonds was converted into 10,000,000 shares by Orient Finance at conversion price of HK$1 each.

On 27 April 2017, the Company early redeemed the remaining convertible bonds with the principal amount of HK$60,000,000 from Vision Future. As at 31 December 2017, there is no outstanding convertible bonds.

As at 31 December 2016, approximately HK$58,812,000 (2017: nil) of convertible bonds of the Group were denominated in HK$ which is not the functional currency of the relevant group entity.

22. Convertible Bonds (Continued)

The movement of the convertible bonds for the year is set out below:

	Liability component HK$'000	Equity component HK$'000	Total HK$'000
At 1 January 2016	58,804	4,244	63,048
Imputed interests charged (note 7)	3,008	—	3,008
Interests paid	(3,000)	—	(3,000)
At 1 January 2017	58,812	4,244	63,056
Imputed interests charged (note 7)	4,049	—	4,049
Loss on early redemption of convertible bonds	41	—	41
Early redemption of convertibles bonds	(62,902)	—	(62,902)
Transfer to accumulated losses upon early redemption of convertible bonds	—	(4,244)	(4,244)
At 31 December 2017	—	—	—

	2017 HK$'000	2016 HK$'000
Convertible bonds — liability component:		
Analysed for reporting purpose as:		
Current liabilities	—	58,812

23. Corporate Bonds

During the year ended 31 December 2015, the Group issued an aggregate principal amount of HK$10,000,000 unlisted corporate bonds bearing an interest rate of 7% per annum, payable annually. The corporate bonds will be repayable on the expiry day of the ninetieth month of the date of issuing the relevant corporate bonds. The effective interest rate of the corporate bonds is 10.2%.

	2017 HK$'000	2016 HK$'000
At 1 January	**9,056**	9,054
Imputed interest (note 7)	**1,052**	702
Interest paid	**(700)**	(700)
At 31 December	**9,408**	9,056

	2017 HK$'000	2016 HK$'000
Analysed for reporting purpose as:		
Non-current portion	**8,708**	8,356
Current portion (included in interest payable under other payables)	**700**	700
	9,408	9,056

As at 31 December 2017, approximately HK$9,408,000 (2016: HK$9,056,000) of corporate bonds of the Group were denominated in HK$ which is not the functional currency of the relevant group entity.

24. Share Capital

	Number of shares '000	**Share capital** HK$'000
Authorised		
Ordinary shares of HK$0.005 each as at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	20,000,000	100,000
Ordinary shares of HK$0.005 each as at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	982,000	4,910

25. Retirement Benefit Schemes

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution plan and the assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant costs to the scheme, which contribution is matched by employees, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately and there were no forfeited contributions of the MPF Scheme during both years.

The employees of the Company's subsidiaries established in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiary is required to contribute certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the scheme.

The total cost charged to profit or loss of approximately HK$313,000 (2016: HK$1,039,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

26. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts which include other borrowings, convertible bonds, corporate bonds and net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the issue of new debt or the redemption of existing debt and new share issues.

27. Financial Instruments

Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Financial assets at FVTPL — held for trading	**855**	4,104
Loans and receivables (including bank balances and cash)	**136,372**	225,252
Financial liabilities		
Financial liabilities at amortised cost	**62,478**	164,937

28. Financial Risk Management Objectives and Policies

The Group's major financial instruments include finance lease receivables, trade and other receivables, held-for-trading investment, bank balances and cash, other payables, other borrowings, corporate bonds and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group undertakes certain transactions denominated in currencies other than the functional currencies of the respective Group's entities, which expose the Group to foreign exchange rate fluctuation. The Group has certain bank balances and cash denominated in HK$/US$/RMB which are not the functional currencies of the relevant group entities. In addition, the Group has other payables, other borrowings, convertible bonds and corporate bonds denominated in HK$ which is not the functional currency of the relevant group entity and in aggregate account for approximately 89% (2016: 82%) of the Group's total liabilities. In this respect, the Group considers its exposure to foreign currency risk is primarily in the fluctuation of RMB against HK$/US$ and HK$ against RMB.

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

	Assets		Liabilities	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
HK$	**3,970**	1,438	**61,954**	155,477
US$	**80**	16,878	**—**	—
RMB	**122**	114	**—**	—

The Group currently does not have a foreign currency hedging policy. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

28. Financial Risk Management Objectives and Policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency risk of HK$/US$/RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in exchange rates of the relevant foreign currencies against the respective reporting entity's functional currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the borrower. A positive number below indicates a decrease in post-tax loss where the respective functional currencies of the reporting entity strengthen 5% against the relevant foreign currencies. For a 5% weakening of the respective functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the loss, and the balances below would be negative. The analysis is performed on the same basis for the year ended 31 December 2017 and 2016.

	HK$		US$		RMB	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Impact on post-tax loss for the year	**2,421**	6,431	**(3)**	(705)	**(5)**	(5)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate convertible bonds, corporate bonds and other borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's variable-rate bank balances are short-term in nature and the exposure of the interest rate risk is minimal.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

Sensitivity analysis

The Group's variable-rate bank balances are short-term in nature and the exposure of interest rate in minimal as at 31 December 2017 and 2016 and no sensitivity analysis to interest rate risk on this is presented.

Other price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in The Stock Exchange. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If the prices of the respective equity instrument had been 5% (2016: 5%) higher/lower, the post-tax loss for the year ended 31 December 2017 would decrease/increase by approximately HK$36,000 (2016: HK$171,000) as a result of the changes in fair value of the held-for-trading instrument.

28. Financial Risk Management Objectives and Policies (Continued)

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk on finance lease receivables, the Group would assess the credit quality of each potential lessee and define limits for each lessee before accepting any new finance lease. The Group also demands certain finance lease borrowers to pledge further collaterals with the Group apart from the subject leased assets at the time the finance lease arrangement is entered into where considered necessary. In addition, the Group would also monitor the repayment history of finance lease payments from each finance lease lessee with reference to the repayment schedule from the date of finance lease was initially granted up to the reporting date to determine the recoverability of a finance lease receivable. Furthermore, the Group would assess and review the fair value of the pledged assets continuously to ensure the value of the relevant collateral could well cover the finance lease amount granted to the customers and any outstanding finance lease receivables.

The credit risk on liquid funds is limited because they are deposited in banks with high credit ratings assigned by international credit rating agencies.

The Group has concentration of credit risk of finance lease receivables, as 52% (2016: 32%) and 100% (2016: 100%) of the total finance lease receivables at 31 December 2017 was due from the Group's largest lessee and the two (2016: three) largest lessees respectively within the finance leasing segment.

The Group's concentration of credit risk in respect of the finance leasing segment by geographical locations is mainly in the PRC, which accounted for all of the finance lease receivables at 31 December 2016 and 2017.

The Group has concentration of credit risk of trade receivables, as 100% (2016: nil) of the total trade receivables at 31 December 2017 was due from the Group's largest debtor within the trading business — nutritional food products segment.

The Group's concentration of credit risk in respect of the trading business — nutritional food products segment by geographical locations is mainly in HK, which accounted for all (31 December 2016: nil) of the trade receivables at 31 December 2017.

Collateral held as security and other credit enhancement

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except for finance lease receivables at 31 December 2016 and 2017. Credit risks associated with the finance lease receivables are mitigated because the finance lease receivables are secured over the leased assets provided by lessees. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual finance lease receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The carrying amounts of the finance lease receivables amounted to approximately HK$41,631,000 (2016: HK$62,205,000).

28. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	At 31 December 2017					
	Within one year HK$'000	More than one year less than two years HK$'000	More than two years less than five years HK$'000	More than five years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Other payables	**3,070**	**—**	**—**	**—**	**3,070**	**3,070**
Other borrowings	**52,500**	**—**	**—**	**—**	**52,500**	**50,000**
Corporate bonds	**700**	**700**	**2,100**	**10,350**	**13,850**	**9,408**
	56,270	**700**	**2,100**	**10,350**	**69,420**	**62,478**

	At 31 December 2016					
	Within one year HK$'000	More than one year less than two years HK$'000	More than two years less than five years HK$'000	More than five years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities						
Other payables	17,069	—	—	—	17,069	17,069
Other borrowings	87,216	—	—	—	87,216	80,000
Convertible bonds	63,056	—	—	—	63,056	58,812
Corporate bonds	700	700	2,100	11,050	14,550	9,056
	168,041	700	2,100	11,050	181,891	164,937

29. Fair Value Measurements Recognised in the Consolidated Statement of Financial Position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Level 1.

Fair value of financial assets that are measured at fair value on a recurring basis

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31 December 2017 HK$'000	31 December 2016 HK$'000		
Held-for-trading investment — listed equity securities	**855**	4,104	Level 1	Quoted bid price in an active market

There was no transfer between levels of fair value hierarchy in the current and prior years.

The directors of the Company consider that the fair values of current assets and current liabilities approximate to its carrying amount largely due to the short term maturity of the instrument.

The directors of the Company also consider that the fair value of the long-term portion of financial liabilities approximates to their carrying amount as they are carried at amortised cost by using the effective interest method.

30. Disposal of a Subsidiary

On 16 March 2017, the Group disposed of a subsidiary, 東莞豐正針織有限公司 ("豐正針織"), which is inactive at a cash consideration of RMB43,000,000 (equivalent to approximately HK$47,859,000). The net assets of 豐正針織 at the date of disposal were as follows:

	HK$'000
Total cash consideration received	47,859
Analysis of assets and liabilities which control was lost:	
Bank balances and cash	47,859
Other payables	(19,137)
Income tax payables	(537)
Net assets disposed of	28,185
Gain on disposal of a subsidiary	19,674
Net cash outflow arising on disposal:	
Cash consideration received	47,859
Less: Bank balances and cash disposed of	(47,859)
	—

The disposed subsidiary has no significant impact on the Group's results and cash flows for both years.

31. Operating Lease Commitment

The Group as lessee

The Group leases certain of its offices under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years and rentals are fixed for an average of three years (2016: three years). The Group does not have an option to purchase the leased assets at the expiry of the lease period.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating lease which fall due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**4,385**	2,279
In the second to fifth years inclusive	**3,180**	2,578
	7,565	4,857

32. Capital Commitment

	2017 HK$'000	2016 HK$'000
Capital expenditure in respect of investment in a joint venture contracted for but not provided in the consolidated financial statements	**11,766**	10,941

33. Related Party Transactions

During the year, the Group has entered into the following significant transactions with related parties:

Compensation of key management personnel

The remuneration of key management personnel during the years ended 31 December 2017 and 2016 are as follows:

	2017 HK$'000	2016 HK$'000
Short-term employee benefits	**4,933**	5,001
Post-employment benefits	**98**	96
	5,031	5,097

The remuneration of the directors and other key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

34. Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 11 October 2011, the Company has adopted a Share Option Scheme (the "Scheme") for the purpose of motivating eligible participants to optimise their performance and efficiency for the benefit of the Group. The Board of directors shall be entitled at any time on a business day within 10 years commencing on the effective date of the Scheme to offer the grant of option to any eligible participants.

Eligible participants of the Scheme include (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds interest or a subsidiary of such company ("Affiliate"); or (ii) the trustee of any trust the beneficiary of which or discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficiary owned by any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate.

Any grant of options to a director, chief executive or substantial shareholder of the Company, or any of their respective associates representing in aggregate over 0.1% of the shares in issue and with an aggregate value (based on the closing price of the shares at the date of each grant) in excess of HK$5,000,000 in such person in any 12-months period up to and including the date of each grant must be approved by the independent non-executive directors, but excluding any independent non-executive director who is a proposed grantee and any further grant of options must be approved by the shareholders of the Company.

No share options are granted since the adoption of the Scheme and during the years ended 31 December 2017 and 2016.

35. Major Non-Cash Transaction

During the year ended 31 December 2016, the Group disposed of a motor vehicle at a consideration of approximately HK$580,000 (2017: nil) which was settled by cash of approximately HK$253,000 (2017: nil) and repayment of obligation under finance leases of approximately HK$327,000 (2017: nil).

36. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	1/1/2017	**Financing cash flow**	**Finance cost incurred**	**Loss on early redemption**	**31/12/2017**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other borrowings (note 21)	80,000	(30,000)	—	—	50,000
Convertible bonds (note 22)	58,812	(60,000)	1,147	41	—
Corporate bonds (note 23)	8,356	—	352	—	8,708
Interest payable (note 20)	7,216	(20,307)	14,624	—	1,533
	154,384	(110,307)	16,123	41	60,241

37. Statement of Financial Position of the Company

Statement of financial position of the Company at the end of the reporting period is as follows:

	Notes	2017 HK$'000	2016 HK$'000
Non-current asset			
Investment in a subsidiary		**17,138**	17,138
Current assets			
Other receivables		**1,454**	440
Amounts due from subsidiaries		**17,103**	91,088
Bank balances and cash		**2,409**	889
		20,966	92,417
Current liabilities			
Other payables		**3,246**	8,309
Other borrowings		**50,000**	80,000
Convertible bonds		**—**	58,812
Amounts due to subsidiaries		**154,572**	113,572
		207,818	260,693
Net current liabilities		**(186,852)**	(168,276)
Total assets less current liabilities		**(169,714)**	(151,138)
Non-current liability			
Corporate bonds		**8,708**	8,356
		(178,422)	(159,494)
Capital and reserves			
Share capital		**4,910**	4,910
Reserves	(a)	**(183,332)**	(164,404)
		(178,422)	(159,494)

Notes:

(a) **Reserves**

	Share premium HK$'000	**Other reserve (Note)** HK$'000	**Convertible bonds equity reserve** HK$'000	**Exchange reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2016	190,049	81,270	4,244	(6,172)	(139,415)	129,976
Loss for the year and total comprehensive expense for the year	—	—	—	—	(294,380)	(294,380)
At 31 December 2016	190,049	81,270	4,244	(6,172)	(433,795)	(164,404)
Loss for the year and total comprehensive expense for the year	—	—	—	—	(18,928)	(18,928)
Transfer to accumulated losses upon early redemption of convertible bonds	—	—	(4,244)	—	4,244	—
At 31 December 2017	190,049	81,270	—	(6,172)	(448,479)	(183,332)

Note: Other reserve represents the difference between the nominal value of the shares issued for the acquisition of Wide Reach Limited ("Wide Reach") and the consolidated net asset value of Wide Reach and its subsidiaries at the date of acquisition.

38. Subsidiaries of the Company

At the end of the reporting period, the Company has the following subsidiaries, all of which adopted a financial year end date of 31 December:

Name of Company	Place/country of incorporation or establishment/ operations	Issued and fully paid share capital/ registered capital	Percentage of equity interest/ voting power attributable to the Company				Principal activities
			Direct		Indirect		
			2017	2016	**2017**	2016	
Wide Reach	British Virgin Islands	Ordinary shares US$3,000	**100%**	100%	**—**	—	Investment holding
West Harbour Group Limited 宏海集團有限公司	British Virgin Islands	Ordinary shares US$1	**100%**	100%	**—**	—	Investment holding
Fornton Knitting Company Limited 豐臨針織有限公司	Hong Kong	Ordinary shares HK$10,000,000	**—**	—	**100%**	100%	Under process of liquidation
Nice Regent Industries Limited 毅俊實業有限公司	Hong Kong	Ordinary shares HK$10,000	**—**	—	**100%**	100%	Inactive
Fornton Holdings Company Limited 豐臨控股有限公司	Hong Kong	Ordinary shares HK$10,000	**—**	—	**100%**	100%	Inactive
東莞豐正針織有限公司	The PRC	Registered capital US$8,000,000	**—**	—	**N/A**	100%	Disposed (Note 30)
Bravo Magic Holdings Limited	British Virgin Islands	Ordinary shares US$50,000	**—**	—	**100%**	100%	Inactive
Prokit Limited 博奇有限公司	Hong Kong	Ordinary shares HK$1	**—**	—	**100%**	100%	Inactive
Peak Matrix Holdings Limited	British Virgin Islands	Ordinary shares US$50,000	**—**	—	**100%**	100%	Inactive
Sino Top Capital Resources Limited 華威資本有限公司	Hong Kong	Ordinary shares HK$1	**—**	—	**100%**	100%	Finance leasing

38. Subsidiaries of the Company (Continued)

Name of Company	Place of incorporation or establishment/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Principal activities
Shanxi Sino Top Leasing Limited 山西華威融資租賃有限公司 (Note a)	The PRC	Ordinary shares US$10,000,000 (Note b)	–	–	100%	100%	Finance leasing and trading of metal and equipment
World Channel Development Limited	British Virgin Islands	Ordinary shares US$1	–	–	100%	100%	Investment holding
Dailuyang Electronic Commerce Limited 帶路羊電子商貿有限公司 (Formerly known as Professional Leasing Limited 專業租賃有限公司)	Hong Kong	Ordinary shares HK$1	–	–	100%	100%	Investment holding
Fornton Group Limited	Hong Kong	Ordinary shares HK$1	–	–	100%	100%	Inactive
Rong Shan Capital Resources Limited 融山資本有限公司	Hong Kong	Ordinary shares HK$10,000	–	–	100%	100%	Inactive
融元融資租賃(上海)有限公司 (Note a)	The PRC	Note c	–	–	100%	100%	Inactive

Note a: Wholly foreign-owned enterprise established in the PRC.

Note b: The registered capital of 山西華威融資租賃有限公司 was reduced from US$35,000,000 (equivalent to approximately HK$240,860,000) to US$10,000,000 (equivalent to approximately HK$68,817,000) on 10 March 2016.

Note c: The registered capital of 融元融資租賃(上海)有限公司 amounted to US$50,000,000 (equivalent to approximately HK$389,000,000) which remained outstanding and not yet paid up to the report date.

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

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2017	2016	2015	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**77,150**	61,742	130,796	287,950	310,867
Cost of sales	**(70,252)**	(50,436)	(112,979)	(230,712)	(256,573)
Gross profit	**6,898**	11,306	17,817	57,238	54,294
Other operating income	**8,518**	4,585	732	5,364	4,240
Gain on disposal of a subsidiary	**19,674**	—	—	—	—
Gain on early redemption of convertible bonds	**—**	—	4,992	17,928	—
Change in fair value of held-for-trading investment	**(3,249)**	2,924	(11,252)	—	—
Selling and distribution expenses	**(609)**	(2,611)	(2,532)	(7,615)	(9,441)
Administrative and other expenses	**(25,945)**	(43,739)	(57,732)	(77,902)	(56,118)
Share of result of joint venture	**—**	—	—	—	—
Finance costs	**(16,123)**	(14,836)	(27,692)	(15,947)	(350)
(Loss) profit before taxation	**(10,836)**	(42,371)	(75,667)	(20,934)	(7,375)
Income tax (expense) credit	**(72)**	(573)	(1,743)	(2,506)	186
(Loss) profit for the year	**(10,908)**	(42,944)	(77,410)	(23,440)	(7,189)
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations and total other comprehensive income (expense)	**6,109**	(7,189)	(7,034)	(2,754)	561
Release of revaluation reserve upon disposal of available-for-sale investment	**—**	(330)	—	—	—
Total comprehensive (expense) income for the year	**(4,799)**	(50,463)	(84,444)	(26,194)	(6,628)
(Loss) earnings per share (HK cents)					
Basic and diluted	**(1.11)**	(4.37)	(8.00)	(2.58)	(0.86)

ASSETS AND LIABILITIES

	Year ended 31 December				
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000	2013 HK$'000
TOTAL ASSETS	**159,143**	277,914	359,824	565,631	188,982
TOTAL LIABILITIES	**(66,160)**	(180,132)	(211,579)	(354,314)	(56,369)
NET ASSETS	**92,983**	97,782	148,245	211,317	132,613