Platform

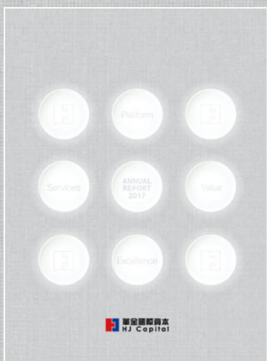
Services

ANNUAL REPORT 2017

Value

Excellence

華金國際資本
HJ Capital



Design concept

With an interactive design concept, this annual report brings out the Group's new direction and development with bright lights illuminating a bright future for the Group. Such interpretation is classified into 4 chapters, including Platform, Services, Value and Excellence.

In addition, infographics are used as the main technique to convey messages throughout this book, presenting the Group's vibrancy and creativity with a rich visual effect.

4
Our Platform

12
Our Services

Content

18
Our Value

26
Our Excellence

Milestone

JUL 2000 [1]

iOne Financial commenced operations in Hong Kong and the Asia-Pacific region.

JUN 2001 [2]

iOne Financial established its first in-house translation team.

NOV 2005 [3]

A new sales team together with the original key members of iOne Financial established iOne (Regional) Financial Press Limited ("iOne (Regional)") in order to expand its market share.

JUL 2008 [4]

The Company became the first financial printing company to be listed on the main board of The Stock Exchange of Hong Kong Limited (Stock code: 00982).

SEP 2009 [5]

At the 23rd ARC Awards International in New York, iOne Financial picked up 52 trophies plus the Best of Hong Kong Award and Titanium Achievement Award.

AUG 2012 [6]

The iOne Financial Beijing Representative Office was relocated to Office Park, Chaoyang District in Beijing, China.

MAR 2013 [7]

iOne Financial was honoured with the Most Reliable Printer Award at the Hong Kong's Most Valuable Companies Services Awards 2012.

AUG 2013 [8]

iOne Financial won 2 Grand Awards in the 27th International ARC Awards 2013 among a total of 46 awards.

DEC 2013 [9]

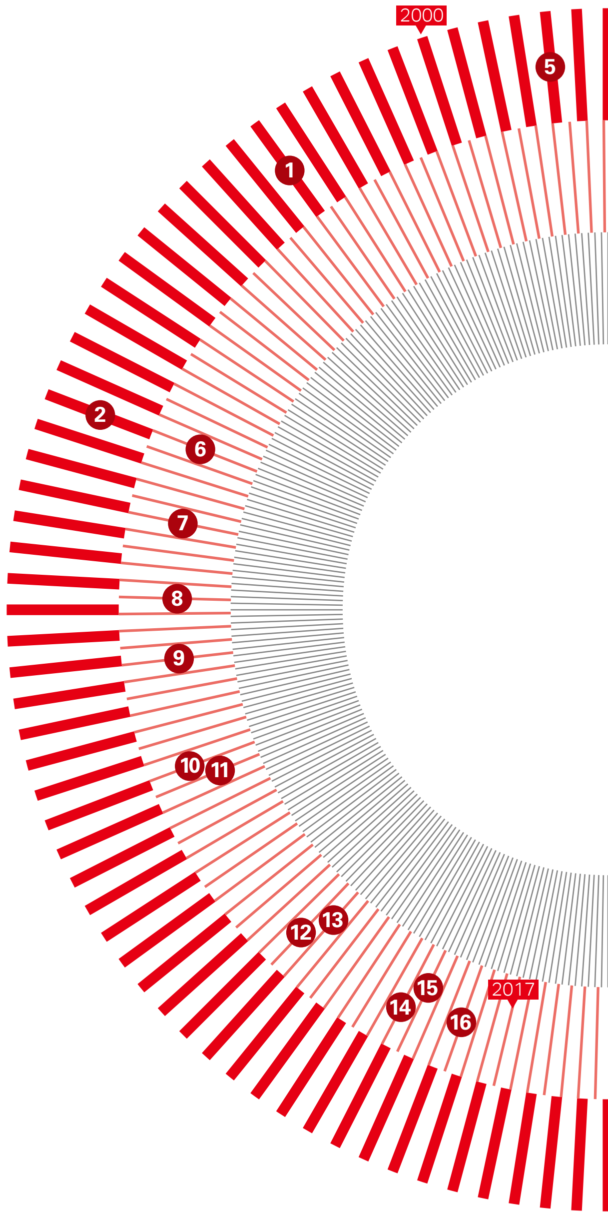
The Group expanded into property investment, which will diversify its income stream and help maximise shareholder returns.

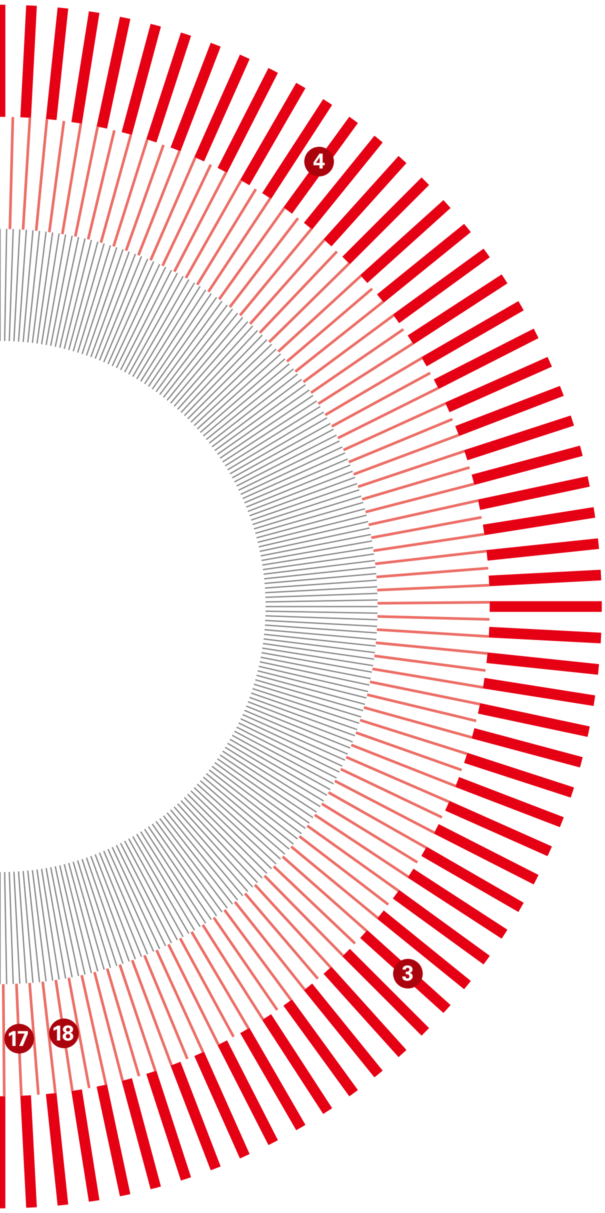
JUL 2014 [10]

One of our productions was ranked #1 among "Top 80 Annual Reports in the Asia-Pacific Region" and #2 among "Top 100 Annual Reports Worldwide" in the 2013 LACP Vision Awards.

AUG 2014 [11]

iOne Financial proudly captured the Platinum Achievement Award, 3 Grand Awards, and 62 other awards in the 28th International ARC Awards 2014.





OCT 2015 [12]

iOne Financial is awarded the Trophy for BEST OF SHOW, Platinum Achievement Award, 6 Grand Awards, and 60 other awards in the International ARC Awards 2015.

NOV 2015 [13]

iOne is proudly ranked as the Best Annual Report Agency in the Asia-Pacific region and named as the winner of Platinum Award in the 2014 LACP Vision Awards.

JUN 2016 [14]

The Group expanded into financial advisory services through the acquisition of the entire equity interest in WAG Worldsec Corporate Finance Limited, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

JUL 2016 [15]

iOne Financial has captured a total of 45 awards on behalf of our clients, including 2 Industry Platinum Awards, #5 & #10 for Top 80 Annual Reports in the Asia-Pacific Region, Best Letter to Shareholders in the Asia-Pacific Region Bronze, Most Creative Annual Report Platinum Awards in the Asia-Pacific Region, 6 Industry Gold Awards and other awards in the 2015 LACP Vision Awards.

OCT 2016 [16]

iOne was honored with the Platinum Achievement Award, 3 Grand Awards, 23 Gold, 17 Silver, 16 Bronze, and 15 Honors awards in the International ARC Awards 2016.

SEP 2017 [17]

Completed the acquisition of the entire issued share capital of Huajin Financial (International) Holdings Limited. The Group now carries out regulated activities through its wholly-owned subsidiaries, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under SFO, and also holds a Money Lender's Licence under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

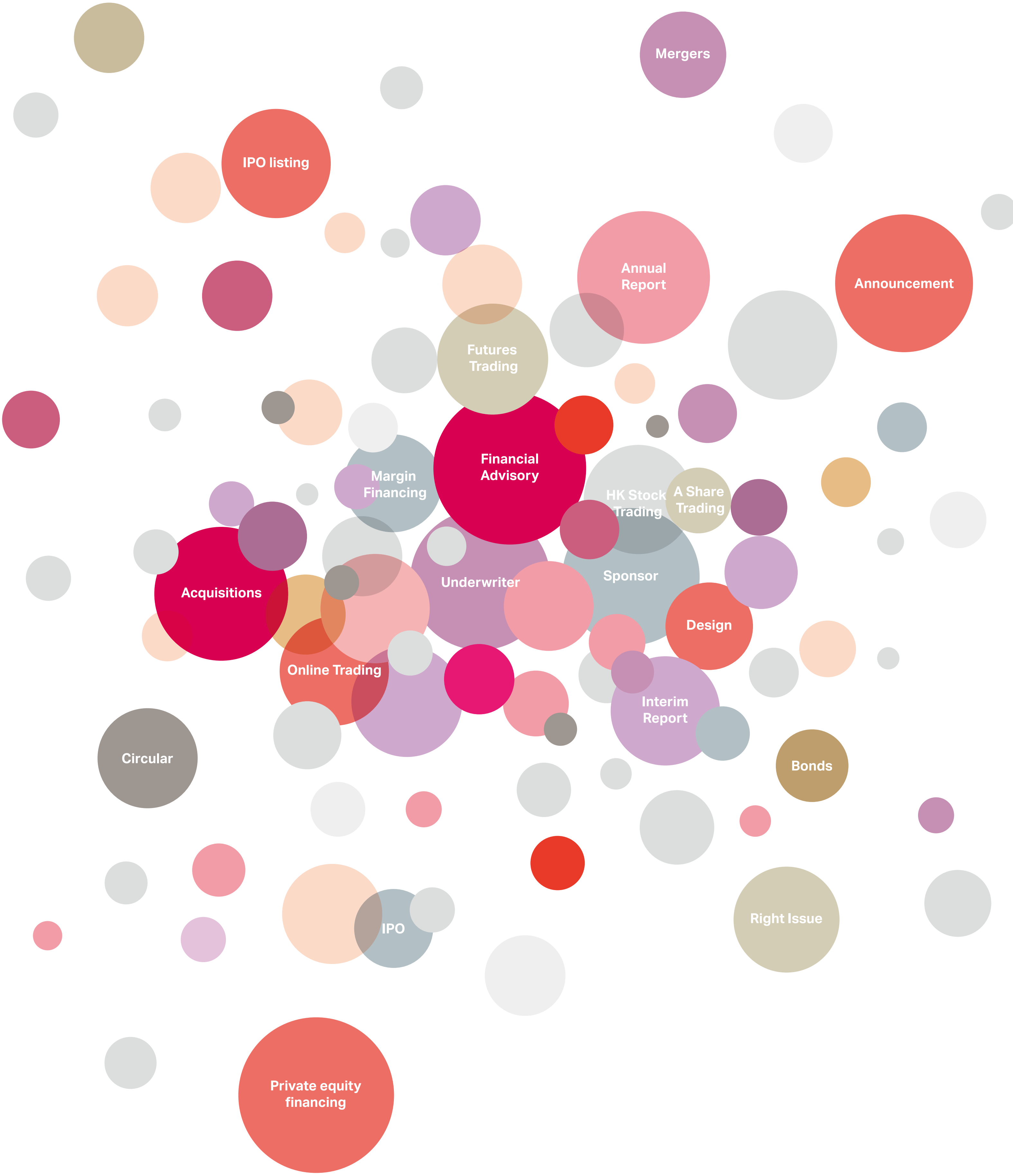
DEC 2017 [18]

The official registered name of the Company has been changed from "iOne Holdings Limited" to "HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司" with effect from 25 October 2017.

Our Platform

We have two online trading service platforms including securities trading and futures trading which work 365 days per year, also our annual report production service work 24 hours per day, we are truely round the clock, non-stop service provider.

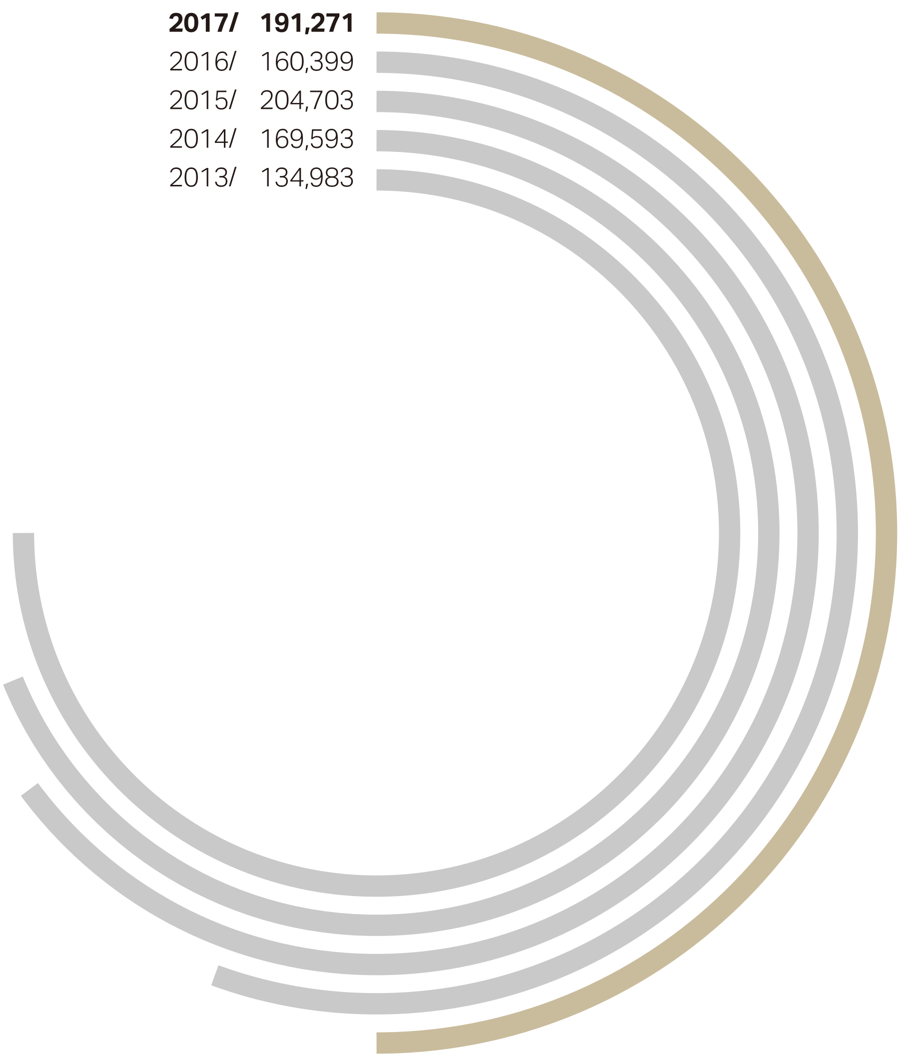
365 Days


Mergers
IPO listing
Announcement
Annual Report
Futures Trading
Financial Advisory
Margin Financing
HK Stock Trading
A Share Trading
Acquisitions
Underwriter
Sponsor
Design
Online Trading
Interim Report
Circular
Bonds
IPO
Right Issue
Private equity financing

Nights

Days

Five Year Summary



	Year ended 31 December				
	2017	2016	2015	2014	2013
		(Restated)	(Restated)	(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS FROM CONTINUING OPERATIONS					
Revenue	**191,271**	160,399	204,703	169,593	134,983
Profit/(loss) before income tax expense	**1,156**	(26,272)	18,857	20,506	26,158
Income tax expense	**(812)**	(2,583)	(4,461)	(3,953)	(5,709)
Profit/(loss) for the year	**344**	(28,855)	14,397	16,553	20,448

	As at 31 December				
	2017	2016	2015	2014	2013
		(Restated)	(Restated)	(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**297,897**	364,742	381,320	352,595	327,620
Total liabilities	**(103,105)**	(223,242)	(211,548)	(196,558)	(36,192)
Total equity	**194,792**	141,500	169,772	156,037	291,427

Corporate Information

Board of directors

Executive directors

Mr. Li Guangning (Chairman)
Mr. Xie Wei
(Chief Executive Officer)
Ms. Zhong Ming
(Resigned with effect from
12 July 2017)
Mr. Wu Jiang
(Chief Financial Officer with effect
from 12 July 2017)

Non-executive directors

Ms. Zhang Kuihong
Mr. Shong Hugo
(Appointed with effect from
15 September 2017)
Mr. Qie Yan
(Appointed with effect from
15 September 2017)

Independent non-executive directors

Dr. Chen Jieping
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Audit committee

Dr. Chen Jieping (Chairman)
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Remuneration committee

Dr. Sun Mingchun (Chairman)
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Zhong Ming
(Resigned with effect from
12 July 2017)
Mr. Wu Jiang
(Appointed with effect from
12 July 2017)

Nomination committee

Mr. Tse Yung Hoi (Chairman)
Dr. Chen Jieping
Dr. Sun Mingchun

Solicitor

Mayer Brown JSM

Auditor

PricewaterhouseCoopers

Company secretary

Ms. Li Yanmei
Ms. Lee Mei Yi
(Resigned as the joint company
secretary with effect from
21 July 2017)

Head office and principal place of business in Hong Kong

Room 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Registered office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda principal share registrar and transfer office

MUFG Fund Services (Bermuda)
Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited

Principal bankers

Standard Chartered Bank
(Hong Kong) Limited
Hang Seng Bank Limited

Bermuda resident representative

Conyers Corporate Services
(Bermuda) Limited

Authorised representatives

Mr. Xie Wei
Ms. Li Yanmei

Place of listing

The Stock Exchange of Hong Kong
Limited

Stock code

982

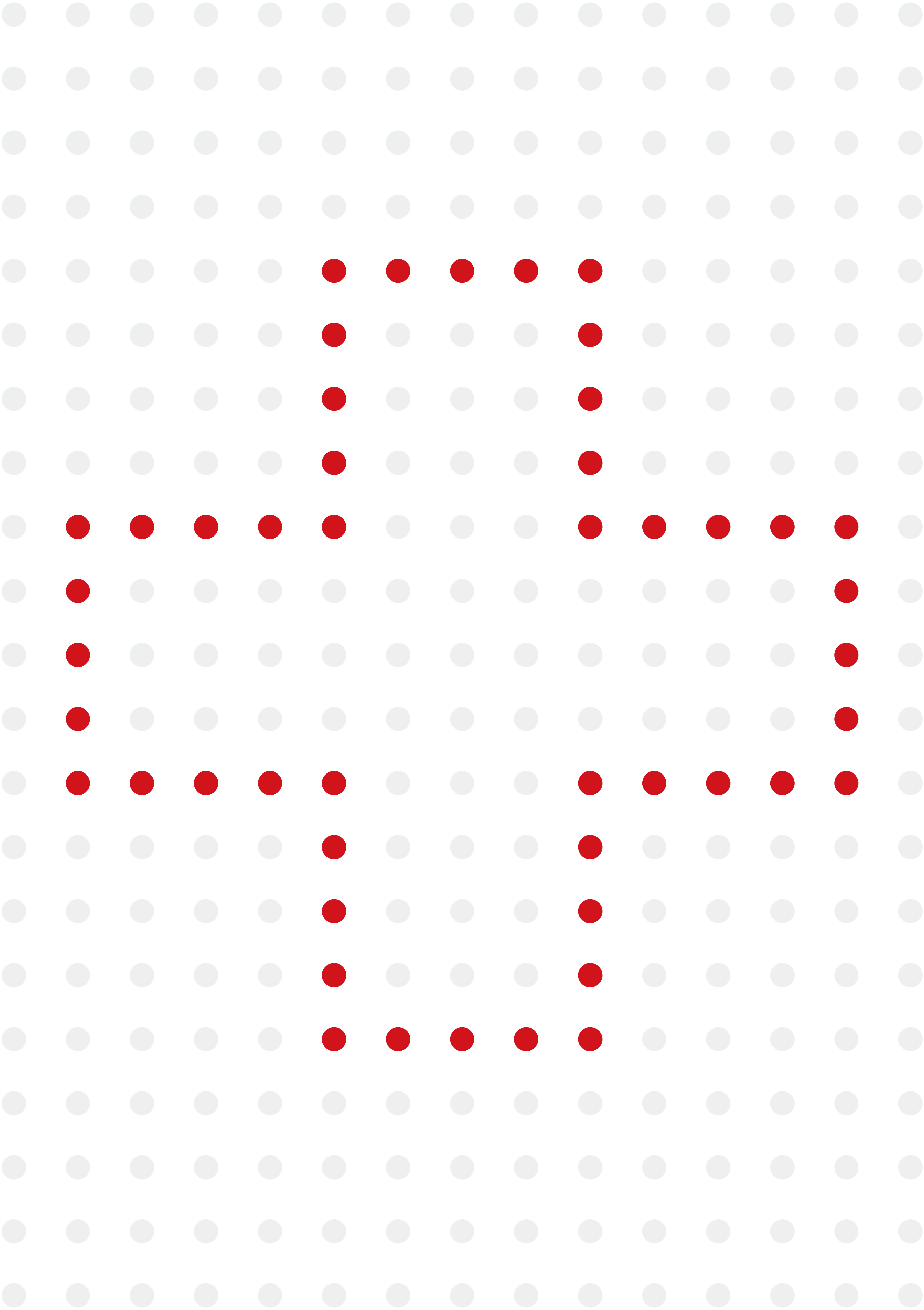
Website address

www.huajinci.com

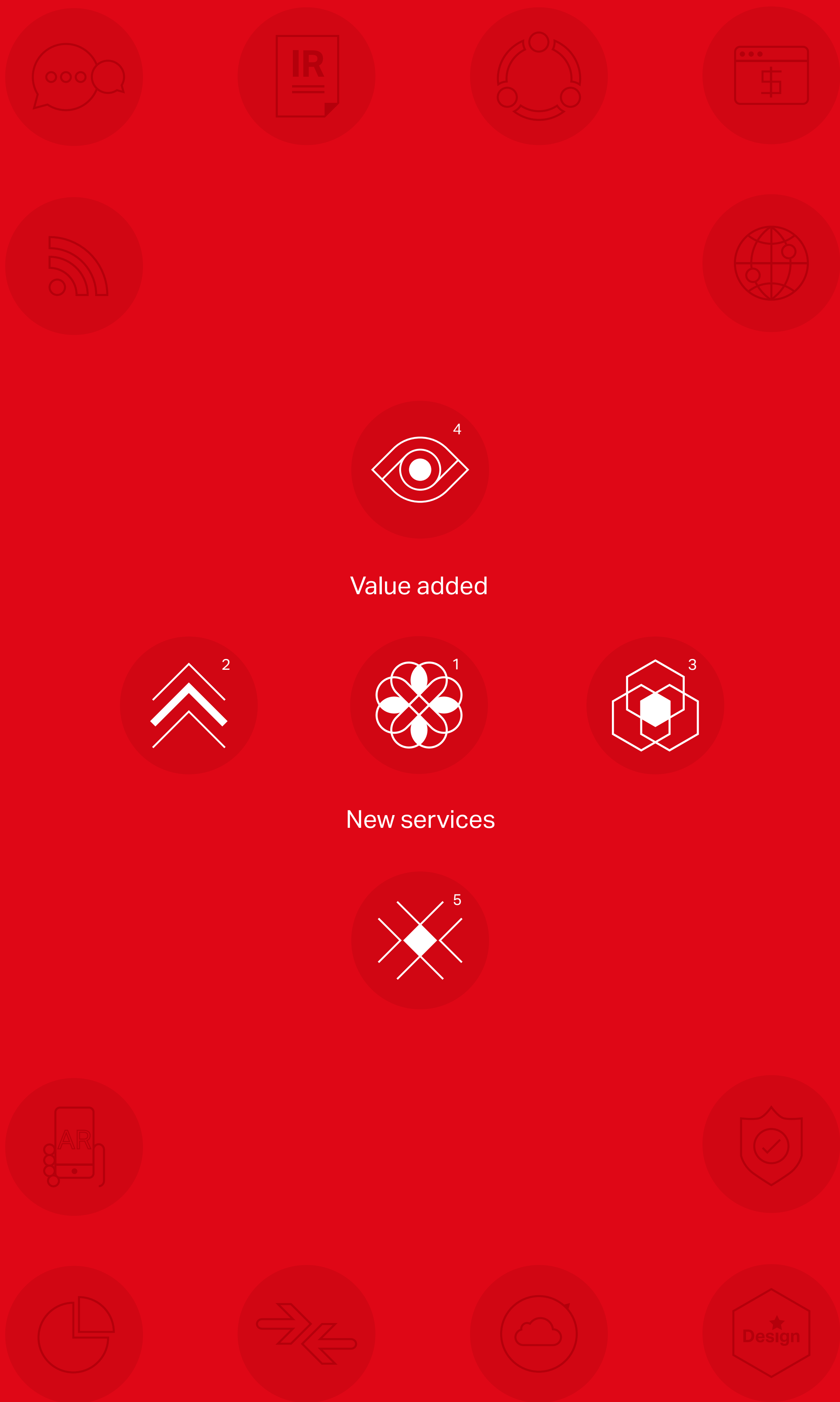
Light up

Our Services

We provide excellent diversified and customer-focused services, such as financial advisory, securities underwriting and consultancy, securities and futures brokerage, equity research, money lending and Annual Report production



In 2017, we have added more valued services, Securities Underwriting and Consultancy[1], Securities and Futures Brokerage[2], Investment platform[3], Equity Research[4], Money Lending[5], which will drive the growth for the Group.


IR
4
Value added
2
1
3
New services
5
AR
Design

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Directors") (the "Board"), I am pleased to present the annual results of HJ Capital (International) Holdings Company Limited ("HJ Capital", or the "Company", formerly known as "iOne Holdings Limited") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2017.

Externally, 2017 was a year of uncertainty and challenge. The global markets are influenced by uncertain political and economic events, such as rising geopolitical conflicts in the Middle East and North Asia, fractious Brexit negotiations, United States' tax reform and increasing interest rate. But for Hong Kong, 2017 was also a year of stability and development. The Hang Seng Index ended 2017 at 29,919.15, representing a year-on-year increase of 36 per cent and the total funds raised in 2017 was HK$579.9 billion, an increase of 18 per cent from HK$490.1 billion in 2016. In 2017, the Hong Kong IPO market also remained active, and was dominated by small and medium sized deals. There were 174 newly listed companies in 2017, an increase of 38 per cent from that of 126 in 2016.

Internally, 2017 was an eventful one for the Company. During 2017, the Company had changed its name from "iOne Holdings Limited" to "HJ Capital (International) Holdings Company Limited" so that it could better reflect the current status of the Company and its direction of future business development. The completion of the acquisition of Huajin Financial (International) Holdings Limited ("Huajin Financial") and its subsidiaries (collectively "Huajin Group") provides the opportunities for the Company to achieve the comprehensive synergic development of the licensed business platforms. And the Company had also successfully allotted and issued 860,920,000 new shares to IDG Light Solutions Limited, raising approximately HK$129 million and making IDG Light Solutions Limited being one of the substantial shareholders of the Company.

together with local and foreign enterprises, will sustain the growth of the Hong Kong IPO market, which will benefit the Group.

Performance Review

During the year ended 31 December 2017, the Group recorded an increase of 19.2% in the Group's consolidated revenue from continuing operations to approximately HK$191.3 million (2016 restated: approximately HK$160.4 million) under the fiercely competitive business environment. Profit for the year attributable to owners of the Company was approximately HK$0.34 million (2016 restated: loss of approximately HK$28.99 million), while gross profit margin was approximately 45.6% (2016 restated: approximately 40.7%). The decrease was mainly attributable to the material decrease in sales revenue and gross profit from the financial printing business.

The Group's profit attributable to owners of the Company for the year of 2017 outperformed last year by approximately HK$29.3 million.

Subsequent to the completion of the acquisition of Huajin Group, the Group carries out regulated activities through its wholly-owned subsidiaries, Huajin Group and WAG Worldsec Corporate Finance Limited ("WAG"), including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance ("SFO"), and also holds a Money Lender's Licence under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). During the year under review, the financial services segment generated a revenue of HK$80.2 million for the Group.

Outlook

As the global markets are influenced by uncertain political events, such as new policies implemented by the United States President Donald Trump, Brexit and geopolitical tensions in the Middle East and North Asia, it is expected the global financial markets remain volatile for the coming 2018. While facing with a complicated business environment, looking ahead to 2018, the Group is still cautiously optimistic about its business prospects.

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 and no doubt Hong Kong will continue to be crucial in providing a business platform and a link between overseas companies and Mainland China. In order to contribute to and share the benefits of those national strategies, the Hong Kong Government will definitely study and explore its participation in it, especially for the development of the financial market including IPO market. Following a market consultation, we believe The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has reached a clear consensus that Hong Kong will broaden its listing regime and proactively embrace the new economy. It is expected that a significant number of new economy firms from Mainland China will take Hong Kong as a preferred listing destination to finance their further development.

Based on the above factors, we anticipate that Hong Kong's financial service market will remain positive, which will benefit the business of the Group. Going forward, the Group will adhere to the restructuring of its businesses against the upcoming opportunities and challenges of Hong Kong's financial market. The Group also strives to strengthen the development of the financial services segment and seeks for potential investment and development opportunities, re-deploying the financial licensing business for a wider range of financial service business. Through the above-mentioned moves, the Group targets to further diversify and broaden its income stream and secure its sustainable development with efforts to improve the overall operational performance of the Group in the future. To maximise profits and returns for the Group and its shareholders, the Group will focus on enhancing the competitiveness of its current business and simultaneously continue exploring new business opportunities.

I would like to express my sincere gratitude to our clients and shareholders for their continued valuable support. I would also like to take this opportunity to thank our Board of Directors, management team and staff for their dedication and hard work during the year.

Li Guangning
Chairman

Hong Kong, 30 January 2018

Our Value

We are Hong Kong base financial service company, with strong network in mainland China, with a view to become one of the leading players in assisting fund raising activities for small to medium enterprises in Hong Kong and the PRC.

Management Discussion and Analysis

Business Review

Facing the complicated business environment and increasingly fierce competition, the Company had gone through a challenging period for the last financial year. But all is the past and the future looks bright indeed with the Group's gradual integration of the business of Huajin Group.

Subsequent to the completion of the acquisition of Huajin Group on 13 September 2017, the Group carries out regulated activities through its wholly-owned subsidiaries, Huajin Group and WAG, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and also holds a Money Lender's Licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). As at the date of this report, the Company is an investment holding company and together with its subsidiaries are principally engaged in the provision of financial advisory services, securities underwriting and consultancy, securities and futures brokerage, equity research business, money lending business and financial printing services in Hong Kong.

The Group's revenue generated from continuing operations increased for the year ended 31 December 2017 by 19.2% as compared with the previous year ended 31 December 2016. Such increase was mainly attributable to the increase in revenue contributed by WAG and Huajin Group. The financial services segment brought revenue of approximately HK$80.2 million to the Group for the year ended 31 December 2017.

The Company has changed its official registered English name from "iOne Holdings Limited" to "HJ Capital (International) Holdings Company Limited" with effect from 25 October 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 December 2017 confirming the registration of the new English and Chinese names of the Company "HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Financial Review

The Group recorded a revenue from continuing operations of approximately HK$191.3 million for the year ended 31 December 2017 (2016 restated: approximately HK$160.4 million), representing an increase of about 19.2% compared with the previous financial year. The Group's profit before income tax from continuing operations increased to approximately HK$1.2 million (2016 restated: loss of approximately HK$26.3 million), which was mainly due to increased revenue from WAG and Huajin Group.

Profit attributable to owners of the Company was approximately HK$0.34 million (2016 restated: loss of approximately HK$29.0 million). Basic earnings per share was approximately HK0.004 cent (2016 restated: loss per share of HK0.315 cent).

Liquidity and Financial Resources

As at 31 December 2017, the Group's cash and cash equivalents amounted to approximately HK$99.8 million (2016 restated: approximately HK$138.6 million) with HK$35.5 million loan from a related party (2016 restated: HK$23.8 million). The Group has current assets of approximately HK$207.3 million (2016 restated: approximately HK$324.9 million) and total current liabilities of approximately HK$102.9 million (2016 restated: approximately HK$222.9 million). The Group's current ratio, being total current assets over total current liabilities, was 2.01 (2016 restated: 1.46).

Total equity of the Group as at 31 December 2017 amounted to approximately HK$194.8 million (2016 restated: approximately HK$141.5 million). The increase was mainly driven by share premium from new shares issued during the year. The Group's gearing ratio, being total liabilities over total assets, was 34.6% (2016 restated: 61.2%).

Capital Structure

As disclosed in the Company's announcements dated 11 August 2017, 16 August 2017 and 25 August 2017, in accordance with the terms and conditions of the subscription agreement entered into between the Company and IDG Light Solutions Limited, the Company has successfully allotted and issued 860,920,000 new shares of the Company to IDG Light Solutions Limited at the subscription price of HK$0.151 per subscription share with net proceeds of approximately HK$129 million.

Save as disclosed above, there was no material change in the capital structure of the Company during the year.

Exposure to Fluctuations in Interest Rates

As at 31 December 2017, the Group's interest-bearing financial assets primarily comprised of bank deposits and margin loans receivable. As there was no significant financial risk of a change in interest rates, the Group had no interest rate hedging policy.

Exposure to Fluctuations in Exchange Rates

The Group conducted its business transactions principally in Hong Kong Dollars ("HK$"). As at 31 December 2017, most of the Group's bank deposits and cash balances were mainly denominated in HK$ and United States Dollars ("USD"). The HK$ is pegged to the USD, and this made the Group's foreign exchange risk exposure minimal. As such, the Group did not utilise any foreign exchange derivatives for hedging purposes as at 31 December 2017.

Exposure to Credit Risk

The Group's credit risks mainly arise from trade and other receivables, amounts due from customers on services contracts, bank balances and deposits, client trust bank balances, margin loans receivable and amount due from a related party. The Group strives to manage the risk exposure of trade receivables and margin loans receivable by closely monitoring the payment records of its customers and requesting customer deposits wherever necessary. The credit risk on the bank deposits is limited because of their high credit rating.

Exposure to Price Risk

The Group's available-for-sale investments is exposed to price risk. The management of the Company ("Management") will closely monitor this risk by performing on-going evaluations of its asset value and market conditions.

Exposure to Liquidity Risk

The Group's licensed operating unit is required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities. The Group has put in place monitoring system to ensure that it maintains adequate liquid capital to comply with the Securities and Futures (Financial Resources) Rules (Cap. 571N of the Laws of Hong Kong).

Exposure to Operational Risk

The financial services of the Group operate in a highly regulated sector. The risk of non-compliance with regulatory requirements could lead to the loss of operating licenses. The Group has actively implemented policies and procedures to ensure compliance with the relevant laws and regulations. To the best of Management's knowledge, the Group has complied with the relevant regulations for the financial services in Hong Kong and Management did not identify any material non-compliance or breach of the relevant rules and regulations.

Events After the Financial Year Ended 31 December 2017

Up to the date of this report, the Group has no subsequent event after 31 December 2017 which is required disclosure.

Significant Acquisitions and Disposals of Investments

On 25 July 2017, Highly Ventures Limited, an indirect wholly-owned subsidiary of the Company, and Greater Treasure Limited, entered into an agreement, whereby an entity owned as to 30% by Highly Ventures Limited and as to 70% by Greater Treasure Limited has been formed to engage mainly in the business in the development of children's online educational content and related products in the People's Republic of China (the "PRC"). For details, please refer to the Company's announcement dated 25 July 2017.

On 27 July 2017, the Company subscribed a 3.876% tier 2 subordinated notes in the principal amount of US$2,000,000 at a total consideration of US$2,013,861 (equivalent to approximately HK$15,708,000) issued by Chong Hing Bank Limited with maturity date on 26 July 2027.

On 13 September 2017, the Company completed the acquisition of Huajin Financial, a company through its subsidiaries carrying on licensed business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO as well as money lending business in Hong Kong.

Save as disclosed in this report and note 7 in the financial statements, the Group did not acquire or dispose of any significant investments or properties, nor did the Group carry out any material acquisitions or disposals of the Company's subsidiaries and associates during the year.

Employees

As at 31 December 2017, the Group had a total of about 176 employees (2016 restated: 173). The staff costs of the Group for the year ended 31 December 2017 were approximately HK$86.6 million (2016 restated: approximately HK$89.3 million), which comprised salaries, commissions, bonuses and other allowances, and contributions to their retirement benefit scheme. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance, and provides medical insurance to all its employees. The Group structured its employee remuneration packages with reference to general market practice, employees' duties and responsibilities, and the Group's financial performance. The Group provided training courses and developed training programmes to equip staff with the necessary skills, techniques and knowledge in order to enhance their productivity and administrative efficiency.

Pledge of Assets

As at 31 December 2017, the Group had no pledge of assets.

Contingent Liabilities

As at 31 December 2017, the Group did not have any contingent liabilities.

Capital Expenditure

For the year ended 31 December 2017, capital expenditure for property, plant and equipment of the Group amounted to approximately HK$0.52 million (2016 restated: approximately HK$0.78 million).

Capital Commitments

As at 31 December 2017, the Group did not have any capital commitments.

Business Plan

Financial Services

In order to leverage on the complementary synergy between the financial services business of Huajin Group and the financial advisory services of the Group, the Group has expanded its financial services business to cover securities underwriting and consultancy, securities and futures brokerage and equity research businesses which enable the Group to provide comprehensive one-stop financial services to its customers and to have instant access to a readily available financial business platform which is complementary to the financial services business of the Group.

The Group will strive to participate in more IPO underwriting and equity financing transactions in order to build up its reputation, enlarge its customer base and increase its revenue with a view to becoming one of the leading players in assisting fund raising activities for small to medium enterprises in Hong Kong and the PRC. Huajin Group will continue to collaborate with WAG as sponsor in IPO projects to provide comprehensive one-stop financial services to customers.

Moreover, while the Group will further expand its brokerage business, it will also actively expand its margin financing business, with a view to expanding its interest income in addition to commission income from the securities brokerage business.

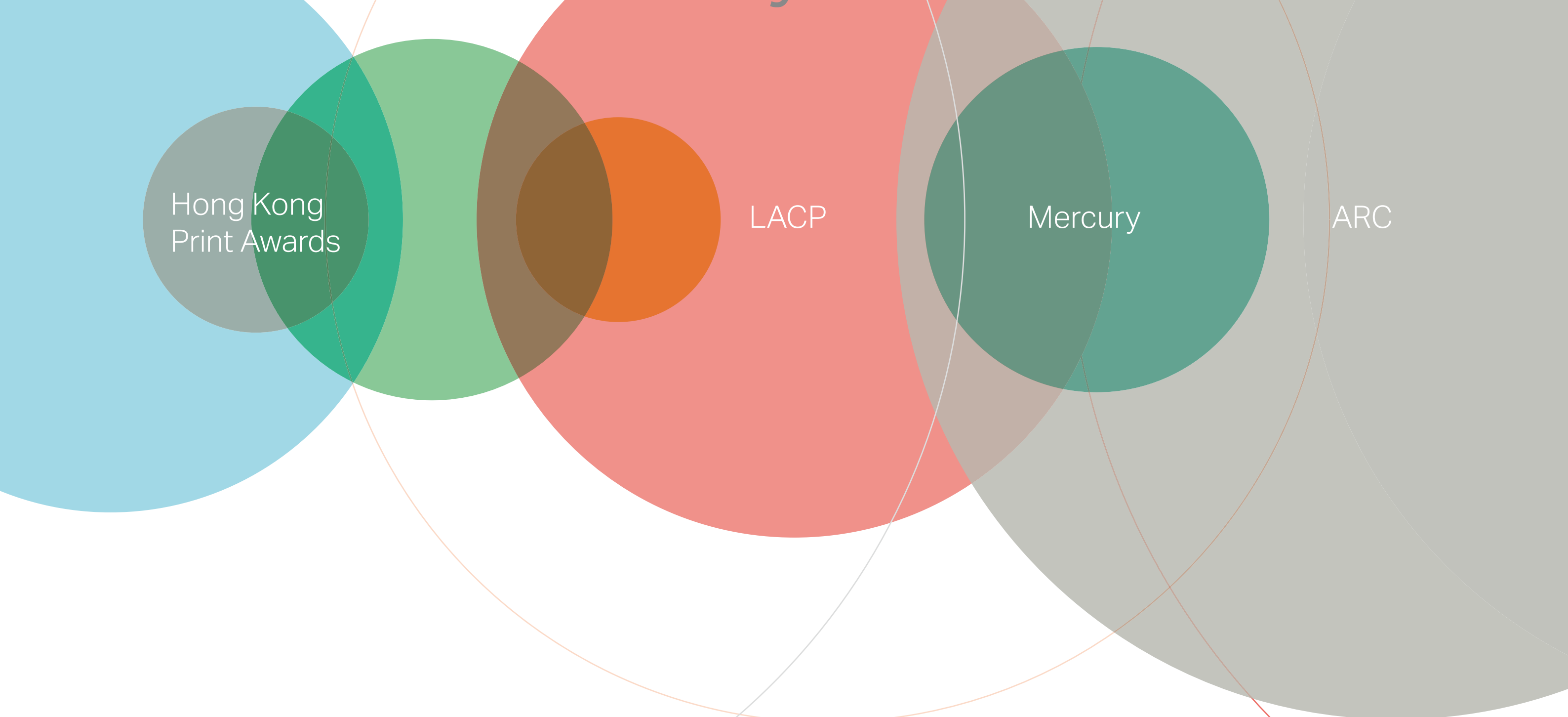
Capitalising on the previous successful experience of Huajin Group participating in debt issuance program of Zhuhai Huafa Group Company Limited ("Zhuhai Huafa") , the Group will strive to expand its customer base to include other PRC corporations.

Financial Printing Services

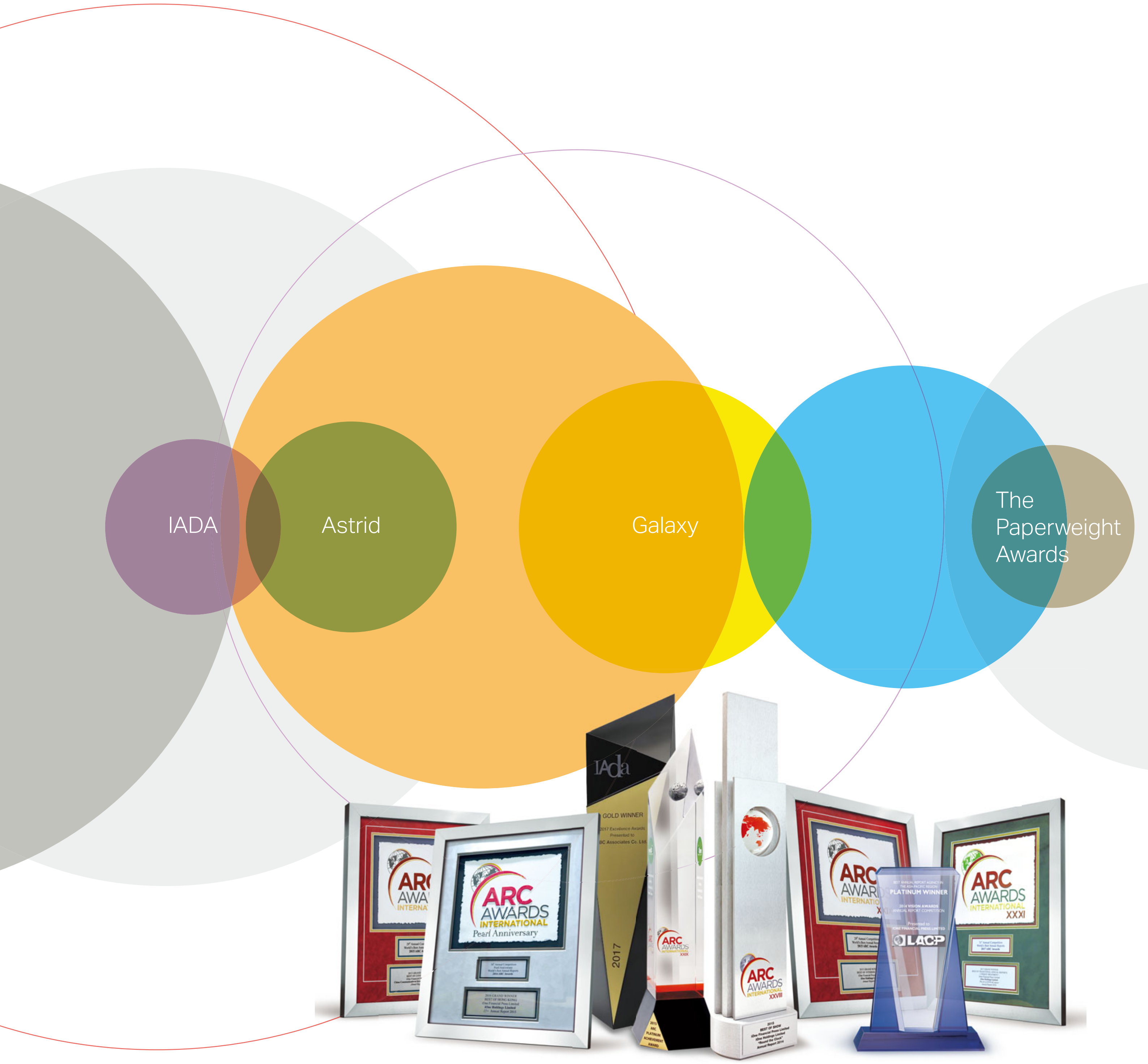
The Company, through its wholly-owned subsidiary, iOne Financial Press Limited ("iOne Financial"), has provided the financial printing service since 2008. Formerly known as "iOne Holdings Limited", the Company was the first financial printer listed on the Main Board of the Stock Exchange, with the listing having taken place in July 2008. With a view to improve its profitability, iOne Financial will continue to improve its office facilities, streamline work procedures and service quality, and upgrade its software and equipment to enhance its competitiveness. Furthermore, in light of tough market conditions, the Group will strive to optimize the business structure and materialize the consolidation of internal resources to enhance the overall operating efficiency of the financial printing services.

Our Excellence

We excel in the financial printing sector, winning significant international awards over the years.

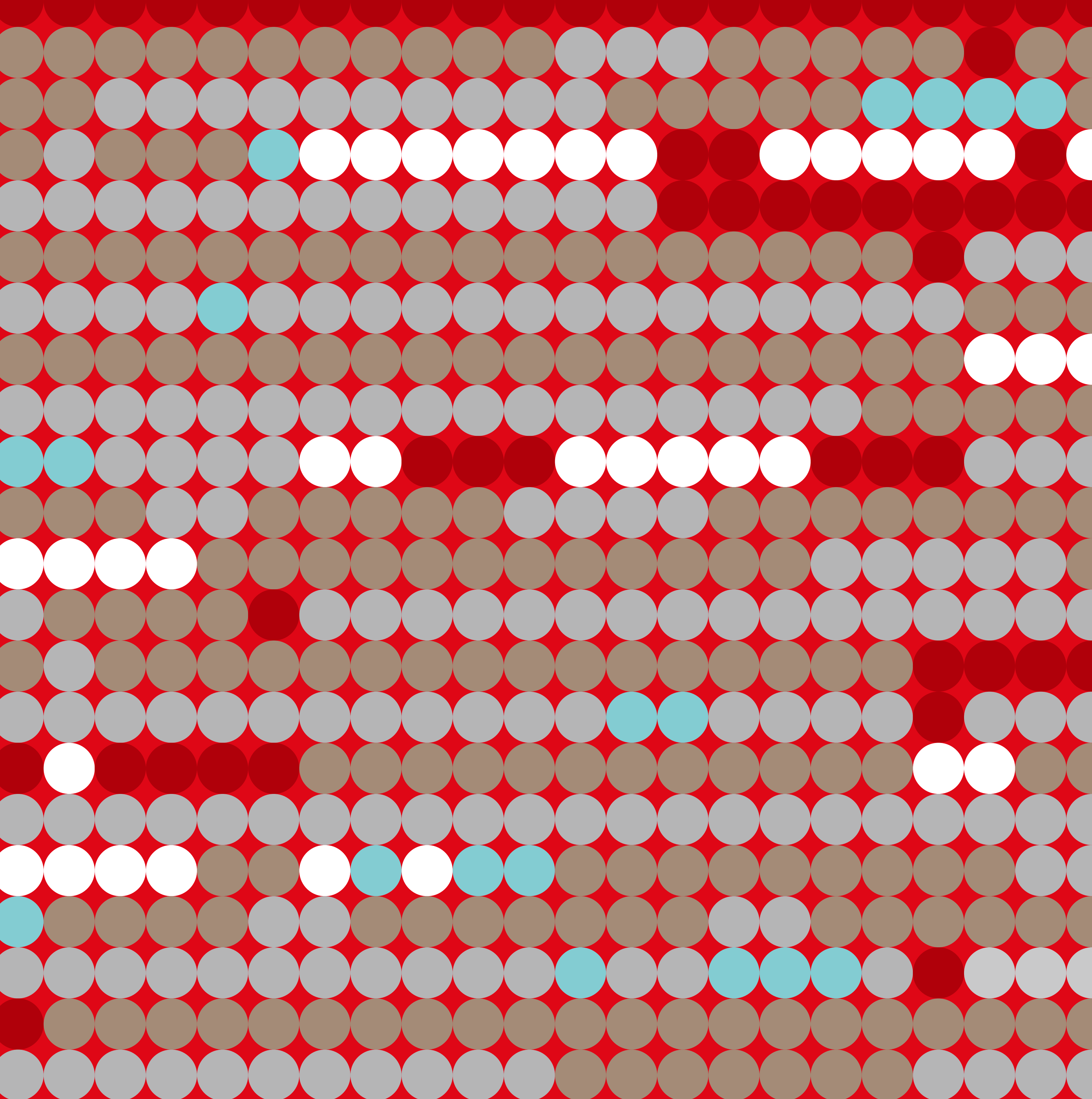


We will keep our excellent performance to maximize the value of our shareholders.



Number of Awards:

HKPA	6
LACP	168
Mercury	152
ARC	495
IADA	26
Astrid	69
Galaxy	106
TPWA	1

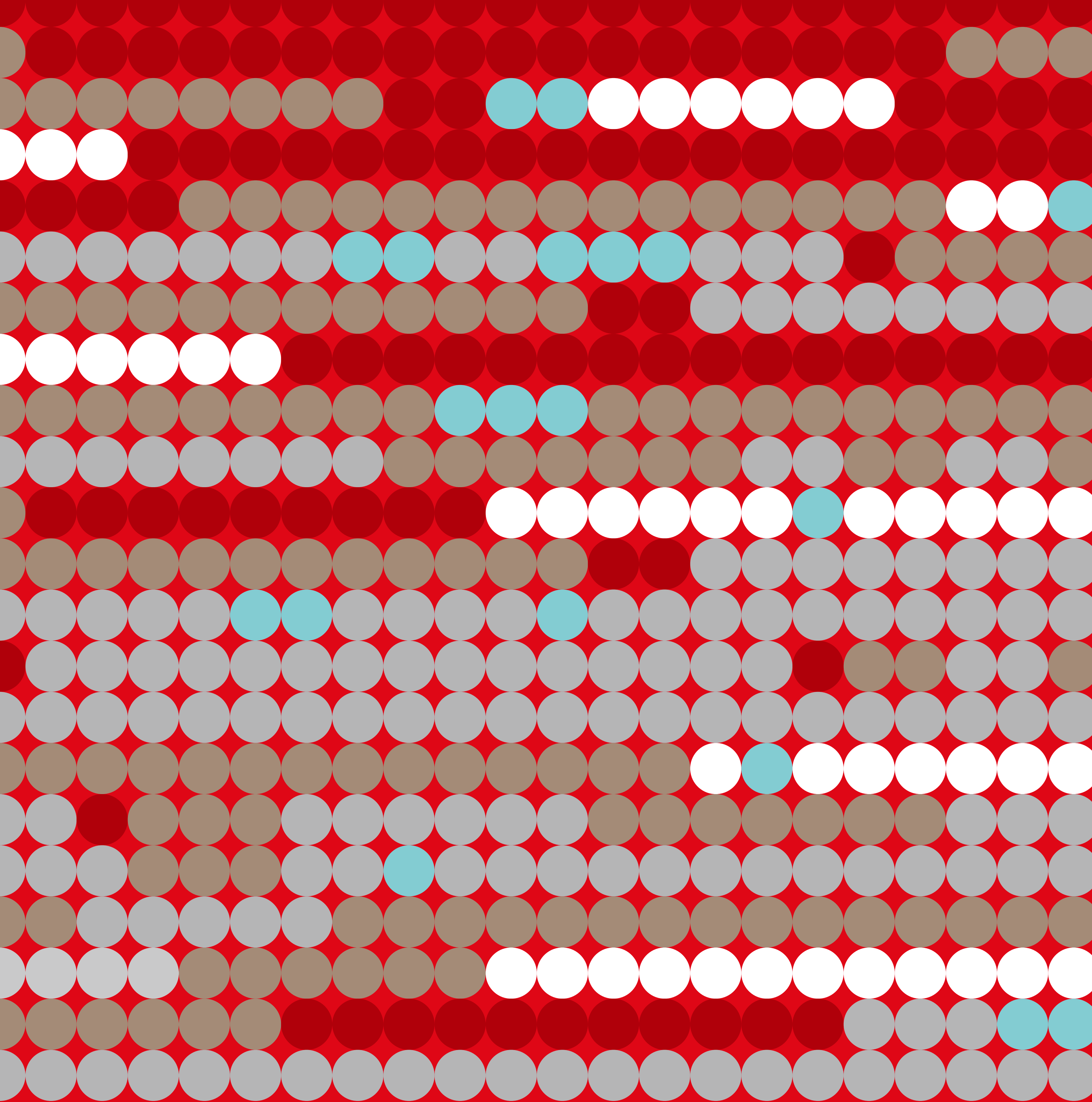


Service Profiles

Annual Report

Interim Report

Financial Advisory



Underwriting   Securities Trading

Biographical Details of Directors and Senior Management

Mr. Li Guangning

Mr. Xie Wei

Executive Directors

Mr. Li Guangning, aged 46, has been appointed as an executive Director and chairman of the Board (the "Chairman") with effect from 21 July 2014. Mr. Li currently serves as the chairman of the board of directors and the general manager of Zhuhai Huafa, the single largest shareholder of the Company. In addition, Mr. Li also holds various positions in the subsidiaries of Zhuhai Huafa, including director and chairman of the board of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.) (a company listed on the Shanghai Stock Exchange (stock code: 600325)), Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532) and Zhuhai Financial Investment Holdings Group Co., Ltd. ("Zhuhai Financial Investment"). Mr. Li joined Zhuhai Huafa in 1993 and held various managerial positions in various subsidiaries of Zhuhai Huafa.

Mr. Xie Wei, aged 43, has been appointed as an executive Director, chief executive officer of the Company (the "Chief Executive Officer") and a member of the remuneration committee of the Board (the "Remuneration Committee") and the authorised representative of the Company with effect from 21 July 2014. Mr. Xie currently serves as executive deputy general manager of Zhuhai Huafa. He also holds various positions in the subsidiaries of Zhuhai Huafa, including the general manager of Zhuhai Financial Investment. Mr. Xie joined Zhuhai Huafa in August 2004 as the director of the investment banking department of 珠海鏵創投資管理有限公司 (Zhuhai Huachuang Investment Management Co., Ltd.) (then known as 珠海鏵創投資擔保有限公司 (Zhuhai Huachuang Investment Guarantee Co., Ltd.)). Mr. Xie is also a director of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 600325), and the vice chairman of the board of directors of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).

Mr. Wu Jiang

Mr. Wu Jiang, aged 45, has been appointed as an executive Director, chief financial officer of the Company and a member of the Remuneration Committee with effect from 12 July 2017. He joined Zhuhai Huafa since March 2009, and currently serves as the director of Corporate Development Department for both Zhuhai Huafa and Zhuhai Financial Investment. Mr. Wu is also acting as the director of Zhuhai Huafa Commerce and Trading Holding Co., Ltd. (珠海華發商貿控股有限公司). Prior to current positions, Mr. Wu held various core management positions in the subsidiaries of Zhuhai Huafa, including the deputy general manager of Zhuhai Shizimen Central Business District Construction Holding Co., Ltd. (珠海十字門中央商務區建設控股有限公司), the deputy general manager of Zhuhai Huafa City Centre Construction Holding Co., Ltd. (珠海華發城市之心建設控股有限公司) and the Vice President of Zhuhai Huafa City Operation Investment Holding Co., Ltd. (珠海華發城市運營投資控股有限公司). Before joining Zhuhai Huafa, Mr. Wu also held the accounting and finance management positions in several companies of different industries starting from 1999. Mr. Wu graduated from Sun Yat-sen University with a bachelor's degree of Economics in accounting and auditing in 1993. He is a qualified accountant in China and has more than 18 years' extensive experience in audit, corporate finance and corporate strategy development.

Ms. Zhang Kuihong

Non-Executive Directors

Ms. Zhang Kuihong, aged 48, has been appointed as a non-executive Director with effect from 9 December 2015. Ms. Zhang holds a bachelor's degree in engineering. Ms. Zhang is a certified public accountant and certified tax adviser of the PRC, as well as a Certified Internal Auditor. Presently, Ms. Zhang is a director and financial controller of Zhuhai Huafa. She is also a director of Zhuhai Financial Investment and a chairman of the board of supervisors of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd), a company listed on the Shanghai Stock Exchange (stock code: 600325), all of which are subsidiaries of Zhuhai Huafa.

Prior to joining Zhuhai Huafa in November 2013, Ms. Zhang has been assigned by the Zhuhai State-owned Asset Supervision and Administration Commission (the "Zhuhai SASAC") since February 2007 to serve as a director and/or financial controller of various companies owned by the Zhuhai SASAC, including but not limited to Zhuhai Duty Free Enterprises Group Co., Ltd. (珠海市免稅企業集團有限公司), Zhuhai Water Management Group Co., Ltd. (珠海水務集團) and Zhuhai Public Transportation Group Co., Ltd. (珠海公共交通運輸集團有限公司), where Ms. Zhang was responsible for managing the financial risks of the relevant companies, financial planning as well as financial reporting to the management. During the period commencing from May 2011 to January 2012, Ms. Zhang also served as a supervisor of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).

Mr. Shong Hugo

Mr. Shong Hugo, aged 61, has been appointed as the non-executive Director with effect since 15 September 2017. He joined International Data Group ("IDG") in November 1991 and was responsible for IDG's business operations and development in Asia. Mr. Shong is the non-executive director of IDG Energy Investment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 650), Mei Ah Entertainment Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 391), and WPP plc, a company listed on the Main Market of the London Stock Exchange (stock code: WPP). He earned his M.S. degree from Boston University and completed the 151st session of the Advanced Management Program from Harvard Business School.

Mr. Qie Yan

Mr. Qie Yan, aged 31, has been appointed as the non-executive Director with effect from 15 September 2017. Mr. Qie is currently acting as the chairman of the board of supervisors of Sichuan Shuangma Cement Co., Ltd. (四川雙馬水泥股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 00935) and serves as the legal representative and executive Director of Tibet Aiqihongyuan Oil and Gas Technology Consulting Company Limited (西藏艾奇鴻源油氣技術諮詢有限公司). Mr. Qie graduated from Tsinghua University with a bachelor's degree in engineering and a master's degree in finance.

Dr. Sun Mingchun

Independent Non-Executive Directors

Dr. Sun Mingchun, aged 47, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of each of the audit committee and nomination committee of the Board (the "Audit Committee") (the "Nomination Committee") with effect from 21 July 2014. Dr. Sun has served as the chairman and chief investment officer of Deepwater Capital Limited since October 2014. Dr. Sun has been appointed as an independent non-executive director of Great Wall Pan Asia Holdings Limited, a company listed on the Stock Exchange (stock code: 00583) with effect from 4 November 2016. Prior to joining Deepwater Capital Limited, Dr. Sun held the positions as the senior partner and chief economist at China Broad Capital Co., Limited, the managing director, head of China research and chief Greater China economist at Daiwa Capital Markets Hong Kong Limited, the chief China economist, head of China equity research and managing director at Nomura International (Hong Kong) Limited and the senior China economist, vice president at Lehman Brothers Asia Limited. During the period from July 1993 to August 1999, Dr. Sun was also an economist of the State Administration of Foreign Exchange of the PRC. Dr. Sun is also currently the vice chairman of the Chinese Financial Association of Hong Kong and a member of the China Finance 40 Forum. Dr. Sun received a bachelor's degree in international economics from Fudan University in July 1993. He also obtained a master's degree in engineering-economic systems and operations research and a doctoral degree in management science and engineering from Stanford University in June 2001 and June 2006, respectively.

Dr. Chen Jieping

Dr. Chen Jieping, aged 65, has been appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of each of the Remuneration Committee and the Nomination Committee with effect from 21 July 2014. Dr. Chen has over 16 years of experience in accounting. Dr. Chen is an independent non-executive director of Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285) since September 2013 and Saurer Intelligent Technology Co. Ltd. (stock code: 600545) since September 2017, which are listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange respectively. Dr. Chen is also an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (stock code: 06116) since January 2016 and Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) since March 2014, both are listed on the Stock Exchange. Dr. Chen served as an independent non-executive director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245), a company listed on the Shenzhen Stock Exchange, from 2005 to September 2015, and an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), a company listed on the Shanghai Stock Exchange, from 2010 to March 2017. He is currently a professor of the China Europe International Business School. He was the head of the department of accountancy of the City University of Hong Kong from 2005 to 2008. Dr. Chen received a bachelor's degree in science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

Mr. Tse Yung Hoi

Mr. Tse Yung Hoi, aged 65, has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, a member of each of the Audit Committee and Remuneration Committee with effect from 21 July 2014. Mr. Tse is currently the chairman and non-executive director of BOCI-Prudential Asset Management Limited. He was the deputy chief executive officer of BOC International Holding Limited from December 2002 to December 2012, and the deputy general manager of investment management and treasury of Bank of China in Beijing from October 1998 to December 2002. Mr. Tse currently serves as the council member of HKSAR Financial Services Development Council (FSDC), standing committee member of the Chinese General Chamber of Commerce and permanent honorary president of Hong Kong Chinese Securities Association. Mr. Tse was awarded the Bronze Bauhinia Star (BBS) by the government of HKSAR in 2013. Mr. Tse graduated from English studies from the department of foreign language of Fudan University in July 1975.

Mr. Tse has been appointed as an independent non-executive director of Guoan International Limited (formerly known as "Global Tech (Holdings) Limited"), a company listed on the Stock Exchange (stock code: 00143) with effect from 11 March 2016, BOCOM International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 03329) with effect from 19 May 2017 and DTXS Silk Road Investment Holdings Company Limited, a company listed on the Stock Exchange (stock code: 00620) with effect from 16 November 2017 respectively. Mr. Tse has resigned as an independent non-executive director of Huarong International Financial Holdings Limited, a company listed on the Stock Exchange (stock code: 00993) since 13 June 2016.

Corporate Social Responsibility

Over the years, we have not only provided donations to worthwhile organisations, but also participated in and supported various charitable activities. We strive to be a good corporate citizen and are determined to create harmony and make full commitments to social services. For instance, our staff members have participated in Skip Lunch Day with an aim to donating their lunch fees to support the needy. As a socially responsible company, we encourage our staff members to offer their time and care to the people in need in our community.

We have been awarded as Caring Company by the Hong Kong Council of Social Service for five consecutive years for our commitment to being an outstanding corporate citizen. We are dedicated to promote corporate social responsibilities through caring for our employees, community, and the environment.

1. Dress Casual Day
2. The Community Chest Walk for Millions
3. Standard Chartered Hong Kong Marathon

Event Highlights

1


2


3


1. Annual Dinner
2. Christmas Party
3. Recruitment Talk

Every year, we engage our staff members in a variety of recreational events so as to promote staff morale. We are committed to enhancing the quality of life for our staff, their families and the community; hence we put the objective of work life balance into practice while seeking to create a harmonious workplace and loyalty among our staff.

Environmental, Social and Governance Report

This Environmental, Social and Governance Report ("ESG Report") contains the environmental and social information of the Group in several aspects, the details of which can be found in the full ESG Report on the Company's website. In respect of the information concerning "corporate governance", please refer to the relevant parts of the Group's annual report. The ESG Report covers a period starting from 1 January 2017 to 31 December 2017 (the "Reporting Period"). The Report focuses on the below topics:

- Environmental Aspects
- Social Aspects, including Employment and Labour Practices, Operating Practices and Community

Environmental Aspects

Emissions

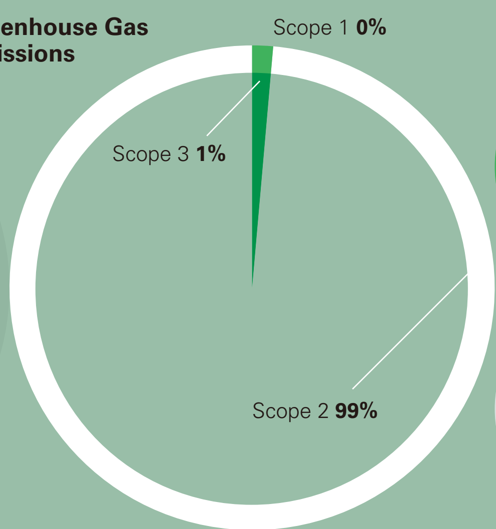
The Group complies with relevant environmental laws and regulations, including Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong).

As the Group is principally engaged in financial printing services and financial advisory services, its direct environmental impact is minimal with no direct discharge of air pollutants. Emissions of the Group are mostly indirect greenhouse gas (GHG) and solid waste from business operations.

Greenhouse Gas Emissions

We are committed to taking active steps to tackle climate change and trying our best to reduce risks for the society in the most effective way. The Group is taking steps to reduce its greenhouse gas emissions from its business operations. We have implemented energy-saving measures as described in the section headed "Use of Resources". During the reporting period, the greenhouse gas emissions[1] of the Company are as follows:

Greenhouse Gas Emissions



[1] Greenhouse gas emissions are calculated with reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong issued by the Environmental Protection Department, Sustainability Report 2016 of CLP Group and Sustainability Report 2016 of HK Electric Investments.

Greenhouse Gas Emissions	Emissions (Kg carbon dioxide equivalent)
Scope 1[2]	0
Scope 2[3]	269,137
Scope 3[4]	3,279
Total Greenhouse Gas Emissions	272,416
Intensity (Kg carbon dioxide equivalent/sq.m)	157

The greenhouse gas emissions of the Group are mainly indirect emissions in Scope 2, which are derived from the purchase of electricity. The rests are other indirect emissions in Scope 3, including waste paper disposed at landfills and employees' business travels by air. To reduce emissions, we have implemented a series of electricity-saving measures (see the section headed "Use of Resources" for details). In addition, the Company tries its best to cut down unnecessary overseas trips. If needed, all staff would take the economy class whenever out on business to minimize carbon emissions.

Waste Management

Although the Group conducts its operations mainly in offices and has no self-operated printing-related facilities for its financial printing services, a large amount of paper are required in its daily work, either for printing contract orders, compiling, printing and proofreading or for clients' review, which will exert an impact on the environment. The Group continues to make efforts in reducing paper consumption and wastes. It also advocates the use of environmentally friendly paper and the recycling of double-printed paper in its operations as landfills will be further burdened without "recycling". To protect the environment, we have formulated relevant policies to minimize the waste of paper and other resources.

2 Scope 1: Emissions generated directly from business operations owned or controlled by the Company

3 Scope 2: "Indirect Energy" emissions caused by the Company's in-house consumption of purchased or acquired electricity, heating, freezing and steam

4 Scope 3: Cover all other indirect greenhouse gas emissions outside the Company, including upstream and downstream emissions

Waste Management

Office paper

The Group calculates and monitors its wastes by referring to the monthly reports of Secure Information Disposal Services Limited (SSID). For example, we monitor the effect of our environmental protection by calculating the amount of A4 paper ordered each year and that of used paper recycled each year.

Colleagues put the double-printed paper into red bags for recycling, and the recycling company regularly collects waste paper for recycling, so as to reduce the emission of greenhouse gases and office solid wastes.

We encourage double-sided printing and use of electronic documents to minimize paper printing.

We consider reminding our clients or staff in emails not to print out the emails, if possible, so as to reduce paper consumption and carbon emissions.

Large office furniture

To provide a comfortable office environment to our colleagues and clients, the Administration Department conducts regular checks and audits on our large or small office furniture. We would first explore the possibility of refurbishment or repair for any defects spotted. For example, we engage skilled workers to check and refurnish the leather-like chairs reserved for clients or cabinets. The furniture will be discarded only if such refurbishment or repair proves impossible.

We donate some usable but depreciated furniture to charitable organizations.

Computers

In addition to preparing announcements and documents for our clients, we have graphic design as one of our key businesses. In order to meet the various needs of our clients, we must keep abreast of the times and adopt the most cutting-edge computer equipment. Old computers of the design team are still effective when used in daily office work. To avoid waste, we would donate such computers to non-profit organizations.

Toner

We store the used toner cartridges of our printers and arrange for suppliers to recycle the toner cartridges regularly, so as to reduce wastes.

Stationery

We also monitor the stationery consumption by our colleagues. We have an old-for-new practice for replacing such consumables as correction pens and highlighters, to reduce insufficient consumption of such products before their disposal.

Below are mainly the wastes generated by the Group during the reporting period:

Wastes	Weight (Kg)
Scrap metal	6
Toner cartridge	5.54
Mooncake can	3
Cardboard	71

Use of Resources

The Group advocates environmental protection in its ordinary business operations. The Group has implemented a variety of environmental protection measures in its office premises. During the reporting period, the use of resources was primarily from purchase of electricity as follows:

Resources	Energy Consumption (kWh)
Purchase of electricity	342,905
Intensity (kWh/sq. m)	198

We mitigate the negative impacts of office operations on the environment by making optimal use of office resources, including paper, toner cartridge, electricity and water, as well as by resource classification and recycling.

Energy Management

Water

- The property management office takes care of water consumption. We also remind our colleagues by posting the "Save Water" sign.
- We replace bottled potable water with water filter, and the faucet's water outlet time has been shortened and its water volume has been reduced by the management office of the building to save water.

Provisions of Recycling Bins

- We put recyclable items such as paper, plastics, aluminium, CDs and batteries into recycling bins provided by the building and classify such items as paper, plastics, glass, metal and so on.

Electricity

- We control indoor air conditioner temperature
- We use energy-saving light bulbs and electrical products with environmental-friendly label
- We post reminder to remind the staff to turn off the switch before leaving. Furthermore, an automatic power-off switch is installed in the pantry to save energy and reduce the risk
- Some elevators are shut down during non-office hours to reduce power consumption

The Environment and Natural Resources

Despite the fact that the Group's impacts on environment are insignificant and the Group seldom uses natural resources directly, we still strive to improve the waste management mechanism. In order to reduce the negative impacts on the forest, our offices use FSC-certified paper and encourage double-sided printing of various types of document. FSC tracks the entire process of wooden product from the forest to consumers through developing standards for well-managed forest and standards of chain of custody for wood processing, so as to control the legal and sustainable source of the wood.

Social Aspects

Employment and Labour Practices

Employment

To maintain its edge in a highly competitive industry, the Group regards a professional team as its most valuable asset. The Group has complied with the Employment Ordinance, the Sex Discrimination Ordinance (Chapter 480), the Disability Discrimination Ordinance (Chapter 487), the Family Status Discrimination Ordinance (Chapter 527) and the Race Discrimination Ordinance (Chapter 602). It has also stuck to the principles and has strictly followed the regulations in respect of recruitment, promotion, dismissal, work hours, rest hours, equal opportunities, diverse culture, anti-discrimination and so on. The Group has never employed minors or incurred forced labor or employed employees with a basic salary below the minimum wage.

The Group's administration and human resources department have formulated comprehensive human resource policies, and stated the same expressly in its Staff Manual/Staff Information for the colleagues to understand its rules of personnel. In addition to compliance with basic labour laws, the Group also formulates and implements human resource policies when necessary and provides benefits better than those required by the laws to recruit, retain and develop a top-notch team.

Health and Safety

The Group complies with the health and safety regulations in accordance with the Occupational Safety and Health Ordinance and formulates requirements in respect of the environment control and hygiene in workplace. Offices are the environment that our staff stay for a long time, in which poor indoor air quality can cause physical illnesses and poor health (such as headache, itchy eyes, breathing difficulties, skin allergies, fatigue or vomiting); and what's worse, it can lead to high absence rate and low production efficiency in workshop. On the contrary, good indoor air quality can make them feel more comfortable and stay healthy.

The Group implemented a series of measures to improve indoor air quality: for example, regular air quality testing, provision of air cleaners, regular cleaning of ventilation systems, use of water-cooled air conditioning systems and enhancement of air circulation in offices. In order to reduce the chance of employees suffering from respiratory infections, we will issue influenza notification when necessary to enhance preventive measures, such as preparation of hygiene masks and disinfectant hand sanitizers for staff to use at any time.

In addition, the Group also carries out carpet cleaning and pest control and disinfection treatment to ensure that colleagues can work in a neat environment with health benefits. Besides, new office chairs are also purchased for those who need to change seats, so that colleagues can work in a comfortable situation while reducing the occurrence of accidents. As for workplace lighting, we arrange for a lamp check every week to ensure that our colleagues can work under the comfortable light. Furthermore, shade curtains are also installed in windows to prevent sunlight from reflecting on colleagues' computer and causing harm to their eye health.

The Group also ensures that there are adequate and unlocked first-aid facilities in workplace and that all emergency exits remain unimpeded and unlocked. Staff also receive training on fire safety knowledge to raise their awareness of fire safety. During the reporting period, WAG Worldsec held safe production inspection, fire safety knowledge training and fire drills.

Development and Training

The Group encourages its staff to pursue progress and continuous learning. In addition to the on-the-job trainings provided at different departments, the Group has a policy of sponsoring its staff to further their study and improve their expertise. We also organize team activities, such as orienteering and problem-solving activities, to enhance the sense of belonging and responsibility among the staff. Through such activities, staff learn to tolerate and complement each other, establishing a team with mutual trust and inspiration. Staff can also understand more about their merits and demerits in terms of personal growth.

Labour Standards

The Group adopts zero tolerance stance towards the employment of minors or forced labour, and has complied with relevant laws and regulations, including the Employment of Children Regulations under the Employment Ordinance. During the reporting period, the Group did not engage any child labour or forced labour.

Operating Practices

Supply Chain Management

The general business suppliers of the Group comprise of suppliers engaged in information technology and telecommunication, properties, laws and other commercial services, as well as office supplies. The Group believes that these suppliers will not constitute major social risks to our business, therefore, this section primarily refers to the supply chain management in respect to our financial printing services business. In conclusion, our purchase decisions are made according to the pricing, suitability and general reputation of suppliers.

Service Quality

The Group is committed to provide our target clients with premium services and offer them the best solutions at competitive prices, or even meet their demands beyond their expectation. In order to provide quality service to our clients, the Group has taken a series of measures in respect of all aspects.

Anti-corruption

The Group maintains a high standard of business integrity throughout the operations and tolerates no corruption or bribery in any form. We effectively implement a comprehensive internal control system and stringent policies for anti-corruption and anti-fraud. The Group has complied with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong).

The Staff Manual of Human Resources has specified that employees shall not offer bribes, grant or receive any bonus, commission or other similar illegal benefits that will affect business decisions for business interest. The employees shall choose to trade with those persons who are impartial and for the benefit of the Company, and shall not require any person or company to accept gifts, entertainment activities or bonus which do not comply with the normal social etiquette and ethical business practices, including cash or coupons. Each staff shall avoid all improprieties. If they are required to accept gifts, entertainment activities or other concessions beyond the normal etiquette, they shall report to their supervisors in advance and obtain the approval from their managers who are not involved in accepting such concessions, and there shall be an appropriate business reason for such approval.

In order to enhance the anti-corruption awareness of the employees, the Group will send the internal code of the Company via email to each new recruit. During the reporting period, WAG also invited Hong Kong Independent Commission Against Corruption (ICAC) to the Company to train their employees.

Community

Community Investment

Over the years, the Group has always been philanthropic and tried to be a good corporate citizen to help create a harmonious society. We have also encouraged our staff to participate in social service and care for the people in need. We will choose the donees according to the operating philosophy and the activities of such community organizations.

The Group's management encourages the staff to take part in community service and motivate other colleagues to join in various volunteer activities. When an opportunity arises for volunteer service, our colleagues are more than ready to participate and even form their own teams. Our staff participate in Hong Kong & Kowloon Walk (The Community Chest) every year to support the fund-raising activities. We help for the needy through donations and participation in charity activities such as Hong Kong & Kowloon Walk (The Community Chest), Dress Casual Day (The Community Chest), Love Teeth Day (The Community Chest), Flag Day and The Community Chest Green Day, etc. In addition, we spare no effort to raise funds by forming a team to participate in charity run of Standard Chartered Marathon. Apart from the donations to charitable organizations, we have also made humble effort for education this year. We hope to cultivate the new generation to make contribution to our society by making donations to the Vocational Training Council for Outstanding Industrial Attachment Scholarship.

During the reporting period, the major donations were mainly to help the needy in the society, we made donations through our support to the activities of The Community Chest, which would donate to other institutions. Rehabilitation and crime prevention services, community and other services, family and child welfare services and elderly services account for a major proportion. The details of community investment are as follows:

Community Investment	
Total number of participants	193
Total volunteer works (hours)	261
Total amount of donations (HK$)	498,300

Report of the Directors

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

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial advisory services, securities underwriting and consultancy, securities and futures brokerage, equity research business, money lending business and financial printing services in Hong Kong.

Subsequent to the completion of the acquisition of Huajin Group on 13 September 2017, the Group carries out regulated activities, through its wholly-owned subsidiaries, Huajin Group and WAG, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and also holds a Money Lender's Licence under the Money Lenders Ordinance.

To maximise profits and returns for the Group and its shareholders, the Group will focus on enhancing the competitiveness of its current business and simultaneously continue exploring new business opportunities.

Business Review

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year and up to the date of this report, and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 19 to 25 of this report. In addition, discussions on the Group's environmental policies, relationships with its stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are also included in the Management Discussion and Analysis, Corporate Governance Report, Corporate Social Responsibility and Environmental, Social and Governance Report of this report. The review forms part of this Report of the Directors.

Results And Dividend

The results of the Group for the year ended 31 December 2017 are set out in the Consolidated Statement of Comprehensive Income on page 71 of this report. The Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

Closure Of Register Of Members

The register of members of the Company will be closed from Tuesday, 3 April 2018 to Monday, 9 April 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on Monday, 9 April 2018 ("AGM"), all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 29 March 2018.

Fixed Assets

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

Share Capital

Details of movements of the share capital of the Company during the year are set out in note 29 in the financial statements.

Distributable Reserves

The Company's distributable reserves were HK$40,344,000 as at 31 December 2017 (2016: HK$50,474,000). However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than its liabilities; and there must be no reduction of share capital as a result of the dividend or distribution.

Five Year Summary

A summary of the Group's results for each of the five years ended 31 December 2017 and the Group's assets and liabilities as at 31 December 2013, 2014, 2015, 2016 and 2017 is set out on page 10 of this report.

Pre-Emptive Rights

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

Directors And Directors' Service Contracts

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

Executive Directors:

Li Guangning Chairman
Xie Wei Chief Executive Officer
Zhong Ming Chief Financial Officer *(resigned on 12 July 2017)*
Wu Jiang Chief Financial Officer *(appointed on 12 July 2017)*

Non-executive Directors:

Zhang Kuihong
Shong Hugo *(appointed on 15 September 2017)*
Qie Yan *(appointed on 15 September 2017)*

Independent Non-executive Directors:

Chen Jieping
Sun Mingchun
Tse Yung Hoi

In accordance with bye-law 87 of the Bye-Laws, Mr. Li Guangning, Ms. Zhang Kuihong and Dr. Sun Mingchun will retire at the forthcoming AGM by rotation. In addition, Mr. Wu Jiang, who has been appointed by the Board on 12 July 2017, and Mr. Shong Hugo and Mr. Qie Yan, who have been appointed by the Board on 15 September 2017, will hold office until the forthcoming AGM pursuant to bye-Law 86(2) of the Bye-Laws. All of the above Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

Ms. Zhong Ming had tendered her resignation as an executive Director and chief financial officer of the Company and accordingly ceased to be a member of the Remuneration Committee with effect from 12 July 2017 in order to devote more time to her other business commitments. Ms. Zhong has confirmed that she has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in respect of her resignation. The Board would like to take this opportunity to express its gratitude to Ms. Zhong for her contribution to the Company during her term of services.

Mr. Li Guangning, Chairman and executive Director, entered into his service contract with the Company in 2014. His appointment is for an initial term of three years commencing on 21 July 2014 and is renewed for a further period of three years with effect from 1 April 2017. During his three-year employment period, he has been entitled to a Director's fee of HK$120,000 per year effective from 1 April 2017 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Mr. Xie Wei, Chief Executive Officer and executive Director, entered into his service contract with the Company in 2014. His appointment is for an initial term of three years commencing on 21 July 2014 and is renewed for a further period of three years with effect from 1 April 2017. During his three-year employment period, he has been entitled to a Director's fee of HK$120,000 per year effective from 1 April 2017 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Mr. Wu Jiang, chief financial officer of the Company and executive Director, entered into his service contract with the Company for an initial term of three years commencing from 12 July 2017. During his three-year employment period, he has been entitled to an annual Director's fee of HK$120,000 effective from 12 July 2017 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Ms. Zhang Kuihong, non-executive Director, entered into a letter of appointment with the Company for an initial term of three years commencing from 9 December 2015, subject to termination at any time by either party giving to the other 3 months' notice in writing. Ms. Zhang would not receive any remuneration from the Company.

Mr. Shong Hugo, non-executive Director, entered into a letter of appointment with the Company for an initial term of three years commencing from 15 September 2017, subject to retirement by rotation and the re-election provisions pursuant to the Bye-Laws. Mr. Shong would not receive any remuneration from the Company.

Mr. Qie Yan, non-executive Director, entered into a letter of appointment with the Company for an initial term of three years commencing from 15 September 2017, subject to retirement by rotation and the re-election provisions pursuant to the Bye-Laws. Mr. Qie would not receive any remuneration from the Company.

Three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, entered into their letters of appointment with the Company for an initial term of three years commencing on 21 July 2014 and are renewed for a further period of three years with effect on 21 July 2017, subject to termination at any time by either party giving to the other 2 months' notice in writing. Pursuant to the terms of the letters of appointment, each of the independent non-executive Directors is entitled to a Director's fee of HK$100,000 per year which is determined with reference to their duties and responsibilities within the Company.

Apart from the above, none of the Directors had a service contract with the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

The remuneration of the executive Directors and the Directors' fees of the independent non-executive Directors are mutually agreed between the Board and each of the executive Directors and independent non-executive Directors with reference to the prevailing market conditions and determined by the Board based on the anticipated time, efforts and expertise to be exercised by each of them on the Company's affairs. Such emoluments are subject to review by the Board from time to time, pursuant to the power conferred on it in the annual general meeting of the Company.

Confirmation Of Independence From Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive Directors to be independent.

Biographical Details Of Directors

Biographical details of the Directors are set out on pages 30 to 33 of this report.

Directors' And Chief Executive's Interests And Short Positions In Securities

As at 31 December 2017, none of the Directors or the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules.

Interest Of Substantial Shareholders

As far as was known to the Directors, as at 31 December 2017, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK$0.00025 each of the Company

Name of Substantial Shareholders	Capacity/Nature of interest	Number of shares held	Approximate percentage of interested shares to the issued share capital of the Company (%)
Zhuhai Huafa (Note 1)	Interest in controlled corporations	3,710,750,000	36.88
Ho Chi Sing (Note 2)	Interest in controlled corporations	860,920,000	8.56
IDG Light Solutions Limited (Note 2)	Beneficial owner	860,920,000	8.56

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Hong Kong Huafa Investment Holdings Limited, which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin"). Since Huajin holds 3,710,750,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,710,750,000 shares of the Company by virtue of its shareholding in Huajin.

2. Mr. Ho Chi Sing directly holds 100% of the issued share capital of IDG Light Solutions Limited (incorporated in the British Virgin Islands), which holds 860,920,000 shares of the Company.

   Therefore, Mr. Ho Chi Sing is deemed to be interested in a total of 860,920,000 shares of the Company by virtue of his shareholding in IDG Light Solutions Limited.

Save as disclosed above, as at 31 December 2017, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

Share Options

Pursuant to the resolution passed by the shareholders of the Company on 25 June 2008, the Company approved and conditionally adopted a share option scheme (the "Share Option Scheme") whereby selected classes of the participants may be granted options to subscribe for shares at the discretion of the Board. No options were granted under the Share Option Scheme for the year ended 31 December 2017.

Directors' Rights To Acquire Securities

Apart from the Share Option Scheme as mentioned above, at no time during the year was the Company, or any of its holding company, fellow subsidiaries and subsidiaries, a party to any arrangement enabling the Directors or their respective spouses or children (natural or adopted) under the age of 18 years, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

Save for the Share Option Scheme as mentioned above, the Group has not entered into any equity-linked agreements during the year ended 31 December 2017.

Permitted Indemnity Provision

Pursuant to the Bye-Laws, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

There is appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Major Customers And Subcontractors

The percentage of sales and cost of services provided for the year attributable to the Group's major customers and subcontractors were as follows:

Sales	
– the largest customer	27%
– five largest customers	37%
Cost provided	
– the largest subcontractor	14%
– five largest subcontractors	29%

Hong Kong Huafa Investment Holdings Limited is one of the five largest customers of the Group and Mr. Li Guangning, Mr. Xie Wei and Mr. Wu Jiang are acting as its directors during the year. Saved as disclosed in this report, during the year, none of the Directors, their close associates, or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers and subcontractors of the Group.

Directors' Interests In Competing Businesses

As at the date of this report, and pursuant to the Listing Rules, none of the Directors is considered to have interests in any business which causes, or may cause, significant competition with the business of the Group.

Connected Transactions

Details of the connected transactions during the year ended 31 December 2017 are as follows:

As disclosed in the announcements dated 21 and 29 March 2017, 9 May 2017 and circular dated 28 April 2017 of the Company regarding the discloseable and connected transaction for the acquisition of the entire issued share capital of Huajin Financial, the Company had completed the acquisition of Huajin Group on 13 September 2017. For details, please refer to the aforementioned announcements and circular.

As disclosed in the announcement dated 26 December 2017 regarding the connected transaction for the provision of consultancy and financial advisory services, the Company, through Huajin Securities (International) Limited ("Huajin Securities") and WAG, had provided consultancy and financial advisory services to two connected parties. For details, please refer to the aforementioned announcement and note 33(a) to the audited consolidated financial statements.

Save as mentioned above, the related party transactions disclosed in note 33 to the audited consolidated financial statements constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules which, however, are events happened prior to the completion of the acquisition of Huajin Group and/or exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

Directors' Interests In Transactions, Arrangements Or Contracts

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its holding company, fellow subsidiaries, subsidiaries and controlling shareholder or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Purchase, Sale Or Redemption Of The Company's Listed Securities

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year under review.

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, there is a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Corporate Governance

During the year under review, the Company, in the opinion of the Directors, has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Listing Rules.

Model Code For Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors have confirmed that they have complied with the Model Code during the year under review and up to the date of this report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

Remuneration Policy

The remuneration policy of the Group for its employees and Directors is based on their performance, duties and responsibilities, comparable market rates and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, contribution to pension schemes and bonuses relating to the profit of the relevant company. The Remuneration Committee regularly reviews and makes recommendations to the Board on the specific remuneration and compensation of the Directors and senior management of the Group.

Donations

During the year ended 31 December 2017, the Group made charitable donations amounting to approximately HK$509,000 (2016 restated: HK$2,936,000).

Audit Committee

The Group established an Audit Committee consisting of three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and effectiveness of the risk management and internal control systems of the Group. The Audit Committee has reviewed the Group's final results for the year ended 31 December 2017.

Auditor

The consolidated financial statements for the year ended 31 December 2017 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming AGM and being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Guangning
Chairman

Hong Kong, 30 January 2018

Corporate Governance Report

Corporate Governance Practices

The Board of the Group has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, to enhance corporate value and accountability, to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has applied the code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules.

In the opinion of the Directors, throughout the year under review, the Company has complied with all the code provisions as set out in the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year under review.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by senior management or other staff who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board Of Directors

The Board currently comprises nine members, consisting of three executive Directors, three non-executive Directors and three independent non-executive Directors. The executive Directors, non-executive Directors and independent non-executive Directors during the year were as follows:

Executive Directors:

Mr. Li Guangning *(Chairman of the Board)*
Mr. Xie Wei *(Chief Executive Officer and member of the Remuneration Committee)*
Ms. Zhong Ming *(Chief Financial Officer and member of the Remuneration Committee, resigned with effect from 12 July 2017)*
Mr. Wu Jiang *(Chief Financial Officer and member of the Remuneration Committee, appointed with effect from 12 July 2017)*

Non-executive Directors:

Ms. Zhang Kuihong
Mr. Shong Hugo *(Appointed with effect from 15 September 2017)*
Mr. Qie Yan *(Appointed with effect from 15 September 2017)*

Independent Non-executive Directors:

Dr. Chen Jieping *(Chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee)*
Dr. Sun Mingchun *(Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee)*
Mr. Tse Yung Hoi *(Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee)*

The biographical information of the Directors are set out in the section headed "Biographical details of Directors and Senior Management" on pages 30 to 33 of this report.

None of the members of the Board is related to one another.

Chairman and chief executive officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Li Guangning and Mr. Xie Wei respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent non-executive directors

During the year ended 31 December 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Non-executive directors and directors' re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

According to the Bye-Laws, one-third of the directors are currently required (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) to retire from office by rotation at each annual general meeting of the Company, provided that every director is subject to retirement at least once every three years. The retiring directors are eligible to offer themselves for re-election.

Details of the Directors' Service Contracts are set out in the section headed "Directors and Directors' Service Contracts" in the Report of the Directors on pages 46 to 47 of this report.

The Nomination Committee recommended that Mr. Li Guangning, Ms. Zhang Kuihong and Dr. Sun Mingchun, who will retire by rotation at the forthcoming AGM, be eligible to offer themselves for re-election.

In accordance with the Bye-Laws, all Directors are subject to retirement by rotation at least once every three years. Any Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Directors appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Mr. Wu Jiang, Mr. Shong Hugo and Mr. Qie Yan shall then be eligible for re-election at the forthcoming AGM.

Responsibilities, accountabilities and contributions of the board and management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous professional development of directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2017, the following Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topic Notes
Executive Directors	
Mr. Li Guangning	1, 2, 4
Mr. Xie Wei	1, 2, 4
Ms. Zhong Ming (resigned on 12 July 2017)	1, 2, 4
Mr. Wu Jiang (appointed on 12 July 2017)	1, 2, 4
Non-executive Directors	
Ms. Zhang Kuihong	1, 2, 4
Mr. Shong Hugo (appointed on 15 September 2017)	1, 2, 4
Mr. Qie Yan (appointed on 15 September 2017)	1, 2, 4
Independent Non-executive Directors	
Dr. Chen Jieping	1, 2, 3, 4
Dr. Sun Mingchun	1, 2, 3, 4
Mr. Tse Yung Hoi	1, 2, 3, 4

Notes:

1. Corporate governance
2. Regulatory updates
3. Finance and accounting
4. Industry updates

In addition, relevant reading materials including legal and regulatory update seminar handouts have been provided to the Directors for their reference and studying.

Board Committees

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference and are of no less exacting terms than those set out in the CG Code. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 11 of this report.

Audit committee

The Audit Committee currently comprises three members, namely Dr. Chen Jieping (chairman), Dr. Sun Mingchun and Mr. Tse Yung Hoi (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise), all are independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures, risk management and internal control systems, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review interim and annual financial results and reports in respect of the year ended 31 December 2017 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

The Audit Committee also met with the external auditor twice a year and at least once a year the Audit Committee shall meet with the external auditor without the presence of the executive Directors.

Remuneration committee

The Remuneration Committee currently comprises five members, namely, Dr. Sun Mingchun (chairman), Dr. Chen Jieping and Mr. Tse Yung Hoi (independent non-executive Directors), Mr. Xie Wei and Mr. Wu Jiang (executive Directors).

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held two meetings to determine, review and make recommendations to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

Nomination committee

The Nomination Committee currently comprises three members, namely, Mr. Tse Yung Hoi (chairman), Dr. Chen Jieping and Dr. Sun Mingchun, all are independent non-executive Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for consideration and approval.

The Nomination Committee held three meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board has been maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

As at the date of this report, the Board's composition can be summarised by the following main diversity perspectives:

Board Members

	Number of Directors
Gender	
Female	1
Male	8
Ethnicity	
Chinese	8
American	1
Age	
31-40	1
41-50	5
51-65	3
Length of Service	
1-3 years	9

Corporate governance functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Records Of Directors And Committee Members

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2017 are set out in the table below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**	**Special General Meeting**
Li Guangning	7/7	–	–	–	1/1	1/2
Xie Wei	7/7	–	2/2	–	1/1	1/2
Zhong Ming (resigned on 12 July 2017)	2/2	–	1/1	–	1/1	1/1
Wu Jiang (appointed on 12 July 2017)	5/5	–	1/1	–	–	1/1
Zhang Kuihong	7/7	–	–	–	1/1	1/2
Qie Yan (appointed on 15 Septemebr 2017)	–	–	–	–	–	0/1
Shong Hugo (appointed on 15 September 2017)	–	–	–	–	–	0/1
Chen Jieping	7/7	3/3	2/2	2/2	1/1	2/2
Sun Mingchun	7/7	3/3	2/2	2/2	1/1	2/2
Tse Yung Hoi	7/7	3/3	2/2	2/2	1/1	2/2

Apart from regular Board meetings, the Chairman also held one meeting with the non-executive Directors (including the independent non-executive Directors) without the presence of executive Directors during the year.

Directors' Responsibilities In Respect Of The Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2017.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 65 to 70.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

Auditor's Remuneration

An analysis of the remuneration paid or payable to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2017 is set out below:

Service Category	Fees Paid/ Payable
Audit Services	1,999,000
Non-audit Services	
– Tax related services	103,000
	2,102,000

Risk Management And Internal Controls

The Board and the Audit Committee

The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems and reviewing their effectiveness. The Board regularly monitors and updates the Group's risk profile and exposure, and evaluates the effectiveness of the risk management and internal control systems at least annually. During the year, a review of the effectiveness of the risk management and internal control systems was conducted. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risk Management and Internal Control Systems

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has employed a bottom-up approach for identification, assessment and mitigation of risk at business unit level and across functional areas.

Main Features of Risk Management and Internal Control Systems

The key elements of the Group's risk management and internal control systems to ensure their effectiveness include the establishment of a Risk Register to track and document identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the on-going testing of internal control procedures.

An on-going risk assessment approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievement of its objectives. A risk matrix is adopted to determine risk rating (L=low risk, M=medium risk, H=high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of management attention and risk treatment effort required.

Process Used to Identify, Evaluate and Manage Significant Risks

During the process of risk assessment, each of the risk owner of departments and major subsidiaries is required to capture and identify the key inherent risks that affect the achievement of its objectives. Each inherent risk is evaluated according to the risk matrix. After taking into consideration the risk responses, such as control measures in place to mitigate the risk, the residual risk of each inherent risk is evaluated again. The Risk Register with the risk responses and residual risks is reported to the Audit Committee. The Audit Committee, acting on behalf of the Board, evaluates the effectiveness of the systems. The highest category of residual risks is subject to the Board's oversight.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

Regarding the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under the SFO, the Listing Rules and the overriding principle. The Group conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong. The Group regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Meanwhile, the Group has also implemented procedures to guard against possible mishandling of inside information within the Group, including but not limited to, pre-clearance on dealing in the securities of the Company by designated members of the management and notification of regular blackout period and securities dealing restrictions to Directors and relevant employees.

Process Used to Review the Effectiveness of the Risk Management & Internal Control Systems and to Resolve Material Internal Control Defects

In view of the Company's business and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls, the Board has outsourced the internal audit function to an independent consulting firm (the "Internal Auditor"). The Internal Auditor has conducted a review of the effectiveness of the Company's risk management and internal control systems according to the scope of review agreed and approved by the Audit Committee.

The Internal Auditor reported directly to the Audit Committee and the Audit Committee is satisfied that there has been no major deficiency noted in the areas of the Company's risk management and internal control systems being reviewed after implementation of recommendations of the internal control defects reported by the Internal Auditor. The management has also confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems. Accordingly, the Board as supported by the Audit Committee, as well as the management report and the internal audit findings, reviewed and considered the risk management and internal control systems to be effective.

Company Secretary

Ms. Lee Mei Yi tendered her resignation as a joint company secretary of the Company with effect from 21 July 2017. Following the resignation of Ms. Lee Mei Yi, Ms. Li Yanmei acts as the sole company secretary of the Company with effect from 21 July 2017. For details, please refer to the announcement of the Company dated 21 July 2017.

In accordance with Rule 3.29 of the Listing Rules, the Company has received training information from the company secretary of the Company, pursuant to the content of which, the Company confirmed that the company secretary had taken not less than 15 hours of relevant professional trainings to update the skills and knowledge during the year under review.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Exchanges and Clearing Limited after each general meeting.

Shareholders' rights

i. Procedure for shareholders to convene an extraordinary general meeting:

Shareholder(s) 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, to require a special general meeting to be called by the Board for the transaction of any business specified in such a requisition. This meeting shall be held within two months after the deposit of the requisition. If, within 21 days of the deposit, the Board fails to proceed to convene such a meeting, the requisitionist(s) himself (themselves) may do so in accordance with Section 74(3) of the Company Act of Bermuda.

ii. Procedure for shareholders to propose a person for election as a director at a general meeting:

If a shareholder wishes to propose a person (the "Candidate") for election as a director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong. The Notice (a) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (b) must be signed by the shareholder concerned, including the information/documents to verify the identity of the shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgement of the Notice shall commence no earlier than the date after the dispatch of the notice of the general meeting and end no later than seven days prior to the date of such a general meeting. To ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a director, without adjourning the general meeting, shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for the election.

Putting forward enquiries to the board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong (For the attention of the Board)
Fax: (852) 3465 5333
Email: inquiry@ione.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 3465 5300 for any assistance.

Communication With Shareholders And Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The most recent annual general meeting was held on 25 May 2017. The notice of annual general meeting was sent to shareholders at least 20 clear business days before the annual general meeting.

To promote effective communication, the Company maintains a website at www.huajinci.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

During the year under review, the Company has amended its Bye-Laws by passing a special resolution at the special general meeting held on 24 October 2017. Details of the amendments are set out in the circular dated 29 September 2017 to the shareholders of the Company. An up to date version of the Company's Bye-Laws is also available on the websites of the Company and Hong Kong Exchanges and Clearing Limited. The Company has not made any changes to its Memorandum of Association during the year under review.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of HJ Capital (International) Holdings Company Limited
(Formerly known as iOne Holdings Limited)
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of HJ Capital (International) Holdings Company Limited (formerly known as iOne Holdings Limited) (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 136, which comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Revenue and cost of sales recognition for provision of financial printing and translation services
- Recoverability of amounts due from customers on services contracts and trade receivables

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue and cost of sales recognition for provision of financial printing and translation services	
Refer to Note 4 (a) (critical accounting estimates and assumptions) and Note 5 (revenue and segment information) to the consolidated financial statements. Total revenue and cost of sales recognised for provision of financial printing and translation services for the year ended 31 December 2017 amounted to HK$111,060,000 and HK$84,104,000, respectively. In relation to the provision of financial printing and translation services, the Group adopts "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to services performed to date as a percentage of total services estimated to be performed for each project. The total services estimated to be performed is mainly based on the historical experience of similar projects. In order to determine the appropriate amount of cost of sales, the Group also needs to estimate the total service costs of each project which mainly include direct labour costs. We focused on this area because the computation of percentage of completion and estimation of total service costs for each project require significant management estimation.	We assessed the reasonableness of the methodology that management used in determining the percentage of completion and estimated total service costs based on our knowledge of the Company's business and the industry practice. On a sample basis, our procedures mainly focused on the following: 1. Tested the Group's processes and systems in recording of the services performed and examined the actual costs incurred. 2. Tested the reasonableness of the total services estimated to be performed and estimated total service costs to complete the project by tracing to the contracts signed with respective customers and assessed the reasonableness of the data used in the estimation with reference to historical records of similar projects. 3. For the changes in the total services estimated to be performed and related service costs, we reviewed minutes of management's meetings to understand the reasons of changes subsequent to initial estimations, assessed the reasonableness of the changes and impacts to the percentage of completion estimation by comparing to our knowledge and independent calculation. 4. Checked the mathematical accuracy of the computation of percentage of completion. Based on the above, we found that the judgement and estimates applied by management were supported by the evidence we obtained.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

Recoverability of amounts due from customers on services contracts and trade receivables

Refer to Note 4 (b) (critical accounting estimates and assumptions), Note 20 (amounts due from customers on services contracts) and Note 22 (trade receivables) to the consolidated financial statements.

As at 31 December 2017, the gross amounts due from customers on services contracts and trade receivables in relation to provision of financial printing and translation services recognised by the Group amounted to HK$5,663,000 and HK$37,526,000, respectively. The related provisions for impaired amounts due from customers on services contracts and trade receivables in relation to provision of financial printing and translation services recognised by the Group amounted to HK$nil and HK$13,390,000, respectively.

Management performs individual credit evaluations on all customers. The evaluations include review of customers' settlement history and their current ability to pay taking into account of information specific to the customers and pertaining to the economic environment in which the customers operate.

We focused on this area because the identification of impairment of amounts due from customers on services contracts and trade receivables in relation to provision of financial printing and translation services requires the use of judgement and estimates.

We circularised independent confirmations to debtors on a sample basis to verify the balances as at 31 December 2017 and reconciled the confirmed amounts with those recorded by the Group.

We tested the ageing reports for amounts due from customers on services contracts and trade receivables in relation to provision of financial printing and translation services prepared by management.

We evaluated management's assessment in relation to the recoverability of the amounts due from customers on services contracts and trade receivables in relation to provision of financial printing and translation services. Where impairment was provided, we discussed with management to understand the operations status, financial ability of the counterparties and checked whether adequate provision was made in the proper period. For those customers which have not been identified by management as impaired, we evaluated management's judgment on a sample basis through:

- reviewing the ageing profile of those balances and examined the historical settlement records in respect of those customers; and

- checking the subsequent settlements made by the debtors to relevant bank records, and if applicable, obtaining the agreed settlement plans with debtors and comparing the actual receipts against the settlement plans up to the report date.

Based on the results of our procedures, we found the management's judgement and estimates were supported by the available evidence obtained.

Other Information

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 and Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is 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. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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 scepticism throughout the audit. We also:

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
(Continued)

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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 Zee, Ho Sum.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 January 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	**2017 HK$'000**	2016 HK$'000 (Restated)
Continuing operations			
Revenue	5	**191,271**	160,399
Cost of sales	8	**(103,983)**	(95,117)
Gross profit		**87,288**	65,282
Other income and other gains/(losses), net	6	**8,086**	(2,228)
Selling and distribution expenses	8	**(9,799)**	(14,694)
Administrative expenses	8	**(82,781)**	(80,986)
Operating profit/(loss)		**2,794**	(32,626)
Finance (expenses)/income, net	11	**(1,635)**	6,354
Share of results of associates	16	**(3)**	–
Profit/(loss) before income tax		**1,156**	(26,272)
Income tax expense	12	**(812)**	(2,583)
Profit/(loss) for the year from continuing operations		**344**	(28,855)
Discontinued operation			
Loss for the year from discontinued operation		**–**	(130)
Profit/(loss) for the year attributable to owners of the Company		**344**	(28,985)
Profit/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		**344**	(28,855)
Discontinued operation		**–**	(130)
		344	(28,985)
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss			
Changes in value on available-for-sale investments		**10**	712
Other comprehensive income for the year, net of tax		**10**	712
Total comprehensive income/(loss) for the year attributable to owners of the Company		**354**	(28,273)
Total comprehensive income/(loss) for the year attributable to owners of the Company arising from:			
Continuing operations		**354**	(28,143)
Discontinued operation		**–**	(130)
		354	(28,273)

	Note	**2017**	2016 (Restated)
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company (HK cent)			
– Basic and diluted	13	**0.004**	(0.315)
Basic and diluted earnings/(loss) per share			
From continuing operations	13	**0.004**	(0.314)
From discontinued operation	13	**–**	(0.001)
		0.004	(0.315)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	**2017 HK$'000**	2016 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	15	**5,232**	8,901
Intangible assets	17	**11,628**	11,628
Deferred tax assets	28	**–**	391
Interests in associates	16	**39,997**	–
Available-for-sale investments	19	**24,481**	8,500
Deposits and other receivable	23	**9,288**	10,432
		90,626	39,852
Current assets			
Amounts due from customers on services contracts	20	**5,663**	5,022
Margin loans receivable	21	**32,149**	3,548
Trade receivables	22	**31,415**	34,010
Other receivables, deposits and prepayments	23	**14,318**	7,056
Amount due from a related party	33	**3,660**	2,160
Income tax recoverable		**2,829**	905
Client trust bank balances	24	**17,391**	10,958
Cash and cash equivalents	25	**99,846**	138,553
		207,271	202,212
Asset classified as held for sale	7	**–**	122,678
		207,271	324,890
Total assets		**297,897**	364,742

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Equity			
Share capital	29	**2,515**	2,300
Reserves		**192,277**	139,200
Total equity		**194,792**	141,500
Non-current liabilities			
Deferred tax liabilities	28	**163**	331
		163	331
Current liabilities			
Trade payables	26	**34,852**	17,423
Other payables and accruals	27	**31,580**	34,135
Amount due to a related party	33	**401**	25,030
Loan from a related party	33	**35,500**	23,768
Income tax payable		**609**	55
		102,942	100,411
Liabilities associated with asset classified as held for sale	7	**–**	122,500
		102,942	222,911
Total liabilities		**103,105**	223,242
Total equity and liabilities		**297,897**	364,742

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 71 to 136 were approved by the Board of directors on 30 January 2018 and were signed on its behalf.

XIE Wei
Director

LI Guangning
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital HK$'000	Share premium HK$'000	Special reserve (Note a) HK$'000	Available-for-sale investments reserve HK$'000	Merger reserve (Note b) HK$'000	Retained earnings HK$'000	Total HK$'000
At 31 December 2015	2,300	39,914	4,451	150	–	44,418	91,233
Business combination under common control (Note 2.1(c))	–	–	–	–	76,468	2,072	78,540
At 1 January 2016 (Restated)	2,300	39,914	4,451	150	76,468	46,490	169,773
Comprehensive loss							
Loss for the year	–	–	–	–	–	(28,985)	(28,985)
Other comprehensive income							
Change in value on available-for-sale investment	–	–	–	712	–	–	712
Total comprehensive income/(loss)	–	–	–	712	–	(28,985)	(28,273)
At 31 December 2016 (Restated)	2,300	39,914	4,451	862	76,468	17,505	141,500

	Share capital HK$'000	Share premium HK$'000	Special reserve (Note a) HK$'000	Available-for-sale investments reserve HK$'000	Merger reserve (Note b) HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2017	2,300	39,914	4,451	862	76,468	17,505	141,500
Business combination under common control (Note 2.1(c))	–	–	–	–	(76,468)	–	(76,468)
Comprehensive income							
Profit for the year	–	–	–	–	–	344	344
Other comprehensive income							
Change in value on available-for-sale investments	–	–	–	10	–	–	10
Total comprehensive income	–	–	–	10	–	344	354
Issuance of new shares (Note 29)	215	129,191	–	–	–	–	129,406
At 31 December 2017	2,515	169,105	4,451	872	–	17,849	194,792

Note a:

Special reserve represents the difference between the aggregate amount of the share capital and share premium of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition pursuant to the group reorganisation (the "Reorganisation") which was to rationalise the structure of the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

Note b:

Merger reserve represents the share capital of Huajin Financial (International) Holdings Limited ("Huajin Financial") prior to the completion of the business combination, which is also equivalent to consideration paid of HK$76,468,000 in acquisition of 100% equity interest in Huajin Financial (Note 1).

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Cash flows from operating activities			
Cash used in continuing operations	31	**(13,641)**	(8,251)
Income tax paid		**(1,959)**	(5,071)
Net cash used in operating activities from continuing operations		**(15,600)**	(13,322)
Net cash used in operating activities from discontinued operation		**–**	(173)
		(15,600)	(13,495)
Cash flows from investing activities			
Interest received		**198**	7,453
Dividend received		**450**	–
Purchase of property, plant and equipment		**(517)**	(784)
Purchase of available-for-sale investments		**(16,708)**	(1,000)
Acquisition of a subsidiary, net of cash acquired		**(4,653)**	(6,266)
Net proceeds on disposal of subsidiaries		**–**	5,936
Proceeds from disposal of asset and liabilities classified as held for sale		**178**	–
Incorporation of new associates		**(40,000)**	–
Acquisition of entities under common control	1	**(76,468)**	–
Net cash (used in)/generated from investing activities from continuing operations		**(137,520)**	5,339
Cash flows from financing activities			
Interest paid		**(2,426)**	(368)
Repayment to a related party		**(24,299)**	(11,837)
Proceeds from borrowings		**139,079**	101,768
Repayments of borrowings		**(127,347)**	(78,000)
Net proceeds from issuance of new shares		**129,406**	–
Net cash generated from financing activities from continuing operations		**114,413**	11,563
(Decrease)/increase in cash and cash equivalents		**(38,707)**	3,407
Cash and cash equivalents at beginning of the year		**138,553**	135,146
Cash and cash equivalents at end of the year	25	**99,846**	138,553

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 General Information of the Group

HJ Capital (International) Holdings Company Limited (formerly known as iOne Holdings Limited) (the "Company") is a limited liability company incorporated in Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of financial printing services and financial services in Hong Kong. Pursuant to a special resolution passed at the special general meeting of the Company held on 24 October 2017 and approval from the Registrar of Companies in Bermuda on 24 November 2017, the name of the Company was changed from iOne Holdings Limited to HJ Capital (International) Holdings Company Limited with effect from 25 October 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 December 2017 confirming the registration of the new English and Chinese names of the Company "HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司" in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Company has its listing on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated.

The financial position and performance of the Group was particularly affected by the following event and transaction during the reporting period:

On 13 September 2017, the Company acquired 100% equity interest in Huajin Financial and its wholly-owned subsidiaries ("Huajin Group") at a consideration of HK$76,468,000 which was satisfied by cash (the "Acquisition") from Zhuhai Financial Investment Holdings Group Company Limited ("Zhuhai Financial Investment"). Zhuhai Financial Investment was a subsidiary of Zhuhai Huafa Group Company Limited ("Zhuhai Huafa"), a company established in the People's Republic of China and a state-owned enterprise controlled by State-Owned Assets Supervision and Administration Commission of Zhuhai Municipality.

Since the Company and Huajin Group were both controlled by Zhuhai Huafa before and after the Acquisition, the Acquisition is regarded as "common control combination". Accordingly, the Group has applied merger accounting to account for the Acquisition of Huajin Group in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Huajin Group is principally engaged in securities underwriting and consultancy, securities and futures brokerage and equity research businesses and holds the licenses to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance. Huajin Group also hold a money lender's license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

2 Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost convention, as modified by the revaluation of available-for-sale investments, which are carried at fair value.

(c) Merger accounting for business combination under common control

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as if the Acquisition had been completed at the beginning of the earliest period presented or combining entities first came under the control of the controlling party because the Acquisition was regarded as a business combination under common control of Zhuhai Huafa before and after the Acquisition.

Accordingly, the acquired Huajin Group was included in the consolidated financial statements from the beginning of the earliest period presented as if the Huajin Group acquired had always been part of the Group. As a result, the Group has restated the 2016 comparative amounts of the consolidated statement of comprehensive income by including the operating results of Huajin Group, as if the Acquisition had been completed on the earliest date of the periods being presented, i.e., 1 January 2016. The consolidated statement of financial position of the Group as at 31 December 2016 was restated to include the assets and liabilities of the Huajin Group.

The following is a reconciliation of the effect arising from the common control combination on the consolidated statement of financial position and consolidated statement of comprehensive income in connection with the Acquisition.

	As at 31 December 2016		
	The Group HK$'000 (As previously reported)	Huajin Group HK$'000	The Group HK$'000 (Restated)
Financial position			
Current assets	136,192	188,698	324,890
Total assets	162,623	202,119	364,742
Current liabilities	67,353	155,558	222,911
Total liabilities	67,488	155,754	223,242
Total equity	95,135	46,365	141,500

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(c) Merger accounting for business combination under common control (Continued)

	For the year ended 31 December 2016		
	The Group HK$'000 (As previously reported)	Huajin Group HK$'000	The Group HK$'000 (Restated)
Results of operations			
Continuing operations			
Revenue	156,001	4,398	160,399
Operating profit/(loss)	6,814	(39,440)	(32,626)
Profit/(loss) for the year from continuing operations	3,320	(32,175)	(28,855)
Discontinued operation			
Loss for the year from discontinued operation	(130)	–	(130)
Profit/(loss) attributable to owners of the Company arising from:			
Continuing operations	3,320	(32,175)	(28,855)
Discontinued operation	(130)	–	(130)
	3,190	(32,175)	(28,985)
Basic and diluted earnings/(loss) per share (HK cent)			
Continuing operations	0.036	(0.350)	(0.314)
Discontinued operation	(0.001)	–	(0.001)
	0.035	(0.350)	(0.315)

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(d) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

Standards	Subject of amendment
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Annual improvements 2014-2016 Cycle

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. Most of the amendments will also not affect the current or future periods.

(e) New standards, amendments to existing standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual periods beginning on or after
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9 (Note (i))	Financial Instruments	1 January 2018
HKFRS 15 (Note (ii))	Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 15 (Note (ii))	Clarifications to HKFRS 15	1 January 2018
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to HKAS 40	Transfers of Investment Property	1 January 2018
Amendments to HKFRS 1 and HKAS 28	Annual Improvements 2014-2016 Cycle	1 January 2018
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 16 (Note (iii))	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(e) New standards, amendments to existing standards and interpretations not yet adopted (Continued)

The Group's assessment of the impact of these new standards, amendments to existing standards and interpretations is set out below.

(i) HKFRS 9, "Financial instruments"

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The Group's debt instruments that are currently classified as available-for-sale ("AFS") will satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include equity instruments currently classified as AFS for which a FVOCI election is available.

Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the Group does not involve any hedging, it does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect significant increase or decrease in the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(e) New standards, amendments to existing standards and interpretations not yet adopted (Continued)

(i) HKFRS 9, "Financial instruments" (Continued)

Date of adoption by the Group

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(ii) HKFRS 15, "Revenue from contracts with customers"

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and does not expect a significant impact on the recognition of revenue.

Date of adoption by the Group

The adoption of this new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

(iii) HKFRS 16, "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

(e) New standards, amendments to existing standards and interpretations not yet adopted (Continued)

(iii) HKFRS 16, "Leases" (Continued)

Impact

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$41,528,000 (Note 32). The Group estimates those related to payments for short-term and low value lease which will be recognised on straight-line basis as an expense in profit or loss are insignificant.

The Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Date of adoption by the Group

The adoption of this standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation and equity accounting

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred

(ii) liabilities incurred to the former owners of the acquired business

(iii) equity interests issued by the Group

(iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and

(v) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2 Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(a) Business combinations (Continued)

The excess of the:

(i) consideration transferred,

(ii) amount of any non-controlling interest in the acquired entity, and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

2 Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 Summary of Significant Accounting Policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

(f) Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous date of statement of financial position or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of Significant Accounting Policies (Continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Directors that make strategic decisions, which have been identified as being the chief operating decision maker.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other income and other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold improvements	Over the unexpired periods of the leases and their expected useful lives of 2 to 5 years, whichever is shorter
Office equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.8. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs"), for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGUs or groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of Significant Accounting Policies (Continued)

2.7 Intangible assets (Continued)

(b) Trading rights

The acquisition costs for trading rights at the Hong Kong Stock Exchange Limited and Hong Kong Futures Exchange Limited ("trading rights") are recognised as intangible assets in the consolidated statement of financial position. They have indefinite useful lives and are tested annually for impairment and carried at cost less accumulated impairment losses.

2.8 Impairment of non-financial assets, investments in subsidiaries and associates

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in the associate and joint ventures are impaired. Such objective evidence includes whether there has been any significant adverse changes in the technological, market, economic or legal environment in which the associate or joint ventures operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in an associate or joint venture is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount exceeds the higher of the investment's fair value less costs to sell and value in use. Any reversal of such impairment loss (excluding goodwill) in subsequent periods is reversed through profit or loss.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the relevant investment in the Company's statement of financial position exceeds its carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

2 Summary of Significant Accounting Policies (Continued)

2.9 Non-current assets (or disposal groups) held for sale and discontinued operations (Continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of comprehensive income.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group's loans and receivables comprise "trade receivables", "margin loans receivable", "other receivables and deposits", "amount due from a related party", "amounts due from customers on services contracts", "client trust bank balances" and "cash and cash equivalents" in consolidated statement of financial position.

(ii) Available-for-sale financial assets

Investments are designated as available-for-sale financial assets if management intends to hold them for the medium to long-term. Financial assets that are not classified into loans and receivables are also included in the available-for-sale category. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

2 Summary of Significant Accounting Policies (Continued)

2.10 Investments and other financial assets (Continued)

(b) Reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(d) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair values of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2 Summary of Significant Accounting Policies (Continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(a) Assets carried at amortised cost

For loans and receivables, the amount of the 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit of loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

(b) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2 Summary of Significant Accounting Policies (Continued)

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Margin loans receivable

Margin loans receivable are amounts due from margin clients for margin financing services rendered in the ordinary course of business. These amounts are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

2.15 Services contracts in progress

When the outcome of a service contract can be estimated reliably and it is probable that the service contract will be profitable, service revenue is recognised over the period of the contract by reference to the stage of completion of service contract activity at the end of the reporting period. Service costs are recognised as expenses by reference to the stage of completion of contract activities at the end of the reporting period. When it is probable that total service costs will exceed total service revenue, the expected loss is recognised as an expense immediately.

When the outcome of a service contract cannot be estimated reliably, service revenue is recognised only to the extent of service costs incurred that are likely to be recoverable.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to service performed to date as a percentage of total estimated service costs for the contract.

The Group presents as an asset the gross amounts due from customers on services contracts for all services contracts in progress for which services costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers are included within "Trade receivables".

The Group presents as a liability the gross amounts due to customers on services contracts for all services contracts in progress for which progress billings exceed services costs incurred plus recognised profits (less recognised losses).

2.16 Client trust bank balances

The Group has classified in the consolidated statement of financial position the clients' deposits as client trust bank balances in the current assets section and recognised a corresponding trade payable to the respective clients under the current liabilities section.

2.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of pledged deposits.

2 Summary of Significant Accounting Policies (Continued)

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and the payable arising from the client trust bank balances as mentioned in Note 2.16. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

2 Summary of Significant Accounting Policies (Continued)

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of Significant Accounting Policies (Continued)

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the Group's activities. Revenue is shown, net of returns, rebates and discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Revenue from provision of financial printing and translation services

Revenue from services contracts is recognised based on the stage of completion of the contracts as detailed in Note 2.15.

(ii) Interest income is recognised on a time basis on the principal outstanding at the applicable interest rate.

(iii) Revenue on financial services from underwriting fee income from initial public offering, brokerage and commission, consultancy and advisory services rendered is recognised once the duties under the service contracts are performed and outcome of the transactions can be foreseen with reasonable certainty.

(iv) Dividend income is recognised when the rights to receive payment is established.

2 Summary of Significant Accounting Policies (Continued)

2.25 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) Post-employment obligations

The Group operates a defined contribution pension plan and pays contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.26 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the leases.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is carried out by a central treasury department ("Group treasury") under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk, and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States dollar ("USD").

As HK$ is pegged to USD, the Group considers that the foreign exchange risk arising from transactions in USD is not significant.

(ii) Cash flow and fair value interest rate risk

The Group's significant interest bearing assets are margin loans receivable, cash at bank and bank deposits, where the interest rate is low in the current environment. Loan from a related party obtained at fixed rate exposes the Group to fair value interest rate risk. During the year ended 31 December 2017, the Group's loan from a related party was denominated in HK$ and USD, respectively.

As at 31 December 2017, if interest rates on margin loans receivable and cash at bank and bank deposits, had been 50 basis points (2016: 50 basis points) higher/lower with all other variables held constant, profit before income tax for the year would have been approximately HK$659,000 higher/lower (2016: loss before income tax would have been HK$710,000 lower/higher).

(iii) Price risk

The Group is exposed to price risk because investments held by the Group is classified on the consolidated statement of financial position as available-for-sale investments. The available-for-sale investments represents 3% equity interest in Johnson Cleaning Service Company Limited ("Johnson Cleaning") which is not traded in an active market and subordinated notes of Chong Hing Bank Limited which is publicly traded and quoted in Hong Kong.

If the price of the available-for-sale investments had been 10% higher/lower, the available-for-sale investments reserve would increase/decrease by HK$2,448,000 (2016: HK$850,000).

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk mainly arises from bank balances, deposits, client trust bank balances, margin loans receivable, trade and other receivables, amounts due from customers on services contracts and amount due from a related party. The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class and category of financial assets mentioned above. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

Majority of the Group's bank balances and deposits are placed in those banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

As at year end, the collaterals furnished by the margin clients for security of their loans and advances from the Group are listed securities, which are listed in Hong Kong. The total market value of securities amounted to HK$94,270,000 (2016: HK$5,223,000) and margin loans receivable amounted to HK$32,149,000 (2016: HK$3,548,000). The maximum exposure to credit risk before collateral held or other credit enhancements approximates to the carrying value.

The credit quality of the other debtors is assessed based on the Group's historical experience in collection of deposits and receivables and amounts due from customers on services contracts and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

The Group's primary cash requirements are payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short and long-term.

As at 31 December 2017, all of the Group's financial liabilities were due within 12 months and equal their carrying amounts as the impact of discounting is not significant. All of the financial liabilities equal their carrying amounts as the impact of discounting is not significant.

3 Financial Risk Management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt includes loan from a related party less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2017 **HK$'000**	2016 HK$'000 (Restated)
Loan from a related party (Note 33)	**35,500**	23,768
Less: cash and cash equivalents (Note 25)	**(99,846)**	(138,553)
Net debt	**(64,346)**	(114,785)
Total equity	**194,792**	141,500
Total capital	**130,446**	26,715

Management considers the Group's capital risk is minimal as the cash and cash equivalents exceeds the loan from a related party as at 31 December 2017 and 2016.

3.3 Fair value estimation

The Group's financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3 Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017 and 31 December 2016.

As at 31 December 2017	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Available-for-sale investments				
Listed subordinated notes	**15,481**	**–**	**–**	**15,481**
Unlisted equity investment	**–**	**–**	**9,000**	**9,000**
	15,481	**–**	**9,000**	**24,481**

As at 31 December 2016	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale investment				
Unlisted equity investment	–	–	8,500	8,500

There were no transfer of financial assets in the fair value hierarchy classifications for the years ended 31 December 2017 and 31 December 2016.

4 Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Revenue and cost of sales recognition

The Group adopts the percentage of completion method to determine the appropriate amount of revenue and costs, which is in relation to provision of financial printing and translation services, to be recognised in a given period as detailed in Note 2.24. This requires the use of judgement and estimates. Stage of completion is measured by reference to services performed to date as a percentage of total services to be performed for each projects. The Group also requires to estimate the service costs of each projects to determine the appropriate amount of cost of sales. Service costs are recognised as expenses by reference to the stage of completion of contract activities at the end of the reporting period. When the outcome of a service contract can be estimated reliably and it is probable that the service contract will be profitable, service income is recognised over the period of the contract by reference to the stage of completion service contract activity at the end of the reporting period.

4 Critical Accounting Estimates and Assumptions (Continued)

(b) Impairment of amounts due from customers on services contracts, trade receivables and margin loans receivable

The Group makes provision for impairment of receivables based on an assessment of the recoverability of the amount due from customers on services contracts, margin loans receivable and trade receivables. Provisions are applied to amounts due from customers on services contracts, margin loans receivable and trade receivables where events or changes in circumstances indicate that service contracts cost incurred to service contracts and the billing may not be collectable. The identification of impairment of amounts due from customers on services contracts and trade receivables requires the use of judgement and estimates. Where the expectations are different from the original estimates, such differences will impact the carrying value of amounts due from customers on services contracts, margin loans receivable and trade receivables and loss for the impairment is recognised in the year in which such estimates have been changed.

(c) Fair value of available-for-sale investments

The Group carries its available-for-sale investments at fair value with changes in the fair value recognised in other comprehensive income. The Group obtains independent valuation at least annually for the investment that is not traded in an active market. At the end of each reporting period, the management updates their assessment of the fair value of available-for-sale investments, taking into account the most recent independent valuation.

(d) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Key assumptions used in the value-in-use calculations are disclosed in Note 17.

5 Revenue and Segment Information

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segments.

The Group is principally engaged in the following:

- Financial printing services and investments holding – provision of financial printing, translation services and investments holding; and

- Financial services – securities underwriting, securities and futures brokerage and consultancy and advisory services

During the year ended 31 December 2017, Executive Directors of the Company changed the name of its reporting segment "financial advisory services" to "financial services" due to the Acquisition.

The Executive Directors consider all assets and revenue relating to the operations are primarily located in Hong Kong.

Segment assets mainly exclude interests in associates, available-for-sale investments, cash and cash equivalents, income tax recoverable, deferred tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude loan from a related party, income tax payable, deferred tax liabilities, and other liabilities that are managed on a central basis.

During the year ended 31 December 2017, revenues of approximately HK$51,829,000 are derived from Hong Kong Huafa Investment Holdings Limited ("Huafa HK") and its subsidiary (Note 33(a)). Huafa HK is a subsidiary of Zhufai Huafa and an intermediate shareholder of the Company. None of the Group's customers had individually accounted for over 10% of the Group's revenue for the year ended 31 December 2016.

The Executive Directors assess the performance of the operating segments based on their underlying profit, which is measured by profit before income tax, excluding income and expenses that are managed on a central basis.

5 Revenue and Segment Information (Continued)

	Financial printing services and investments holding		Financial services		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Revenue from external customers	**111,060**	155,464	**80,211**	4,935	**191,271**	160,399
Segment results	**(17,875)**	15,109	**28,060**	(31,681)	**10,185**	(16,572)
Unallocated income					**1,770**	240
Unallocated expenses					**(10,796)**	(9,940)
Share of results of associates					**(3)**	–
Income tax expense					**(812)**	(2,583)
Profit/(loss) for the year from continuing operations					**344**	(28,855)
Segment assets	**43,028**	51,660	**86,577**	161,391	**129,605**	213,051
Unallocated assets					**168,292**	151,691
Total assets					**297,897**	364,742
Segment liabilities	**28,966**	35,101	**35,896**	155,676	**64,862**	190,777
Unallocated liabilities					**38,243**	32,465
Total liabilities					**103,105**	223,242
Other segment information:						
Additions to non-current assets	**242**	304	**275**	480	**517**	784
Cost of sales	**(84,104)**	(86,396)	**(19,879)**	(8,721)	**(103,983)**	(95,117)
Depreciation	**1,515**	1,747	2,668	3,015	**4,183**	4,762

Note: There were no sales between two operating segments.

6 Other Income and Other Gains/(Losses), Net

	2017 HK$'000	2016 HK$'000 (Restated)
Dividend income	**450**	–
Foreign exchange gains/(losses), net	**826**	(2,348)
Loss on disposal of subsidiaries engaged in financial translation services	**–**	(1,427)
Recharge of administrative expenses to a related party (Note 33(b))	**3,660**	–
Others	**3,150**	1,547
	8,086	(2,228)

7 Asset and Liabilities Classified as Held for Sale

	2017 HK$'000	2016 HK$'000 (Restated)
Asset classified as held for sale – Interest in an associate	**–**	122,678
Liabilities associated with asset classified as held for sale		
Other payable	**–**	24,500
Amount due to a related party – Huafa HK	**–**	98,000
Sub total	**–**	122,500
Net balance	**–**	178

In November 2016, as part of the restructuring of Huajin Group prior to the Acquisition, Huajin Financial determined to dispose its entire equity interest in its wholly-owned subsidiary Huajin Infinity Investment Holding Limited ("Huajin Infinity") to Huafa HK (the "Disposal"), at a consideration of approximately HK$178,000, which was determined by reference to audited net asset value of Huajin Infinity as at 31 December 2015.

Huajin Infinity was an investment holding company and the only asset it held was equity investment in an associate, Infinity Investment Holding Group ("Infinity Holding") which was engaged in equity management and consultancy services, with an ending balance of HK$122,678,000 as at 31 December 2015. As at 31 December 2015 and 2016, Huajin Infinity's liabilities included (1) other payable due to a third party amounting to approximately HK$24,500,000; and (2) an amount due to Huajin Financial amounting to approximately HK$98,000,000 ("Shareholder's Loan").

7 Asset and Liabilities Classified as Held for Sale (Continued)

As part of the Disposal, Huajin Financial also determined to assign the Shareholder's Loan to Huafa HK. The consideration of such assignment would be set-off against amount due to Huafa HK owed by Huajin Financial in the same amount.

The Disposal was completed on 23 January 2017.

As at 31 December 2016, because the Disposal was highly probable and Huajin Infinity was available for immediate sale, equity investment in Infinity Holding amounting to HK$122,678,000 was classified as an asset held for sale. Huajin Infinity's other payable amounting to HK$24,500,000 and Huajin Financial's amount due to Huafa HK amounting to HK$98,000,000 were classified as liabilities associated with asset classified as held for sale.

8 Expenses by Nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Services costs	**37,264**	40,209
Employee benefit expenses, including directors' emoluments (Note 9)	**86,570**	89,251
Operating lease rentals for rented office premises and equipment	**28,476**	27,748
Depreciation of property, plant and equipment (Note 15)	**4,183**	4,762
Auditor's remuneration		
– Audit services	**1,999**	1,230
– Non-audit services	**103**	24
Provision for impairment of trade receivables, net	**4,978**	2,191
Others	**32,990**	25,382
Total cost of sales, selling and distribution expenses and administrative expenses	**196,563**	190,797

9 Employee Benefit Expenses

	2017 **HK$'000**	2016 HK$'000 (Restated)
Salaries, commissions, bonuses and other allowances	**84,356**	87,058
Pension costs – defined contribution plan	**2,214**	2,193
	86,570	89,251

10 Benefits and Interests of Directors

(a) Directors' and chief executive's emoluments

The emoluments of every director and the chief executive of the Company during the years ended 31 December 2017 and 2016 which were included in the employee benefit expenses as disclosed in Note 9 are as follows:

For the year ended 31 December 2017:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
Executive directors							
Li Guangning	120	–	–	–	–	–	120
Xie Wei	120	–	–	–	–	–	120
Zhong Ming (Note a)	63	–	–	–	–	–	63
Wu Jiang (Note a)	57	–	–	–	–	–	57
Non-executive director							
Zhang Kui Hong	–	–	–	–	–	–	–
Shong Hugo (Note b)	–	–	–	–	–	–	–
Qie Yan (Note b)	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	100	–	–	–	–	–	100
Sun Mingchun	100	–	–	–	–	–	100
Tse Yung Hoi	100	–	–	–	–	–	100
Total	660	–	–	–	–	–	660

10 Benefits and Interests of Directors (Continued)

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

For the year ended 31 December 2016:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
Executive directors							
Li Guangning	120	–	–	–	–	–	120
Xie Wei	120	–	–	–	–	–	120
Zhong Ming (Note a)	120	–	–	–	–	–	120
Non-executive director							
Zhang Kui Hong	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	100	–	–	–	–	–	100
Sun Mingchun	100	–	–	–	–	–	100
Tse Yung Hoi	100	–	–	–	–	–	100
Total	660	–	–	–	–	–	660

Note a: Zhong Ming resigned on 12 July 2017 and Wu Jiang was appointed on 12 July 2017.

Note b: The non-executive directors were appointed on 15 September 2017.

10 Benefits and Interests of Directors (Continued)

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

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings HK$'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
For the year ended 31 December 2017	**660**	**–**	**660**
For the year ended 31 December 2016	660	–	660

(b) Five highest-paid employees

Out of the five employees with the highest emoluments in the Group, none of them (2016: none) was director of the Company whose emolument is included in Note 10 (a) above. The emoluments of the five (2016: five) individuals were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, commissions and other allowances	**28,695**	25,250
Retirement benefits scheme contributions	**90**	89
	28,785	25,339

The emoluments fell within the following bands:

	No. of employees **2017**	2016
HK$2,000,001 – HK$3,000,000	**2**	2
HK$3,000,001 – HK$4,000,000	**1**	1
HK$7,000,001 – HK$8,000,000	**1**	2
HK$10,000,001 – HK$11,000,000	**–**	–
HK$11,000,001 – HK$12,000,000	**1**	–

10 Benefits and Interests of Directors (Continued)

(c) Directors' retirement benefits

None of the directors received or will receive any retirement benefits from a defined benefit pension plan during the year (2016: HK$nil).

(d) Directors' retirement benefit

None of the directors received any retirement benefits during the year (2016: HK$nil).

(e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2016: HK$nil).

(f) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2017, the Company did not pay consideration to any third parties for making available directors' services (2016: HK$nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2017, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2016: HK$nil).

(h) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: HK$nil).

11 Finance (Expenses)/Income, Net

	2017 **HK$'000**	2016 HK$'000 (Restated)
Interest expense:		
– Bank borrowings	**(524)**	(217)
– Loan from a related party	**(1,571)**	(881)
– Bank overdraft	**(1)**	(1)
	(2,096)	(1,099)
Interest income:		
– Bank deposits	**198**	7,453
– Subordinated notes	**263**	–
	461	7,453
Finance (expenses)/income, net	**(1,635)**	6,354

12 Income Tax Expense

Hong Kong profits tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profit during the year.

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2017 HK$'000	2016 HK$'000 (Restated)
Current tax	**589**	2,823
Deferred tax (Note 28)	**223**	(240)
Income tax expense	**812**	2,583

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(loss) before income tax expense	**1,156**	(26,272)
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**191**	(4,335)
Income not subject to tax	**(271)**	(1,230)
Expenses not deductible for tax purpose	**2,311**	2,010
Tax loss which no deferred tax assets were recognised	**2,914**	6,138
Utilisation of previously unrecognised tax losses	**(4,333)**	–
Income tax expense	**812**	2,583

13 Earnings/(Loss) Per Share

The calculation of basic earnings per share is based on the profit for the year arising from continuing operations attributable to owners of the Company of approximately HK$344,000 (2016 restated: loss for the year arising from continuing operations and discontinued operation of HK$28,855,000 and HK$130,000 respectively) and the weighted average number of ordinary shares in issue during the year of 9,504,270,000 (2016: 9,200,000,000).

	2017 HK$'000	2016 HK$'000 (Restated)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company arising from continuing operations	**344**	(28,855)
Loss attributable to owners of the Company arising from discontinued operation	**–**	(130)
Total	**344**	(28,985)
Shares		
Weighted average number of ordinary shares in issue ('000)	**9,504,270**	9,200,000

	2017 HK cent	2016 HK cent (Restated)
Basic and diluted earnings/(loss) per share		
From continuing operations	**0.004**	(0.314)
From discontinued operation	**–**	(0.001)
Total	**0.004**	(0.315)

Diluted earnings/(loss) per share from continuing operations equals to basic earnings/(loss) per share from continuing operations, and diluted loss per share from discontinued operation equals to basic loss per share from discontinued operation as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2017 and 2016, respectively.

14 Dividends

No dividend has been paid or declared by the Company for the years ended 31 December 2017 and 2016.

15 Property, Plant and Equipment

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 December 2016					
Opening net book amount	201	1,285	1,948	1,786	5,220
Business combination under common control	5,448	2,219	–	–	7,667
Opening net book amount (Restated)	5,649	3,504	1,948	1,786	12,887
Additions	23	683	78	–	784
Acquisition of a subsidiary	318	–	7	–	325
Disposal of subsidiaries	(98)	(232)	(3)	–	(333)
Depreciation (Note 8)	(2,583)	(997)	(766)	(416)	(4,762)
Closing net book amount	3,309	2,958	1,264	1,370	8,901
At 31 December 2016					
Cost	13,336	11,219	5,215	2,082	31,852
Accumulated depreciation	(10,027)	(8,261)	(3,951)	(712)	(22,951)
Net book amount	3,309	2,958	1,264	1,370	8,901
Year ended 31 December 2017					
Opening net book amount	3,309	2,958	1,264	1,370	8,901
Additions	7	491	19	–	517
Depreciation (Note 8)	(2,079)	(925)	(763)	(416)	(4,183)
Disposals	–	(3)	–	–	(3)
Closing net book amount	1,237	2,521	520	954	5,232
At 31 December 2017					
Cost	13,343	11,707	5,234	2,082	32,366
Accumulated depreciation	(12,106)	(9,186)	(4,714)	(1,128)	(27,134)
Net book amount	1,237	2,521	520	954	5,232

Depreciation expenses of approximately HK$1,099,000 (2016: HK$1,328,000) and HK$3,084,000 (2016 restated: HK$3,434,000) has been charged to cost of sales and administrative expenses, respectively.

16 Interests in Associates

	2017 HK$'000	2016 HK$'000
At 1 January	–	122,678
Incorporation of new associates	**40,000**	–
Share of losses	**(3)**	–
Transferred to asset classified as held for sale (Note 7)	–	(122,678)
At 31 December	**39,997**	–

The particulars of the associates are:

Name	Place of incorporation	Principal activities and place of operation	Effective interest held 2017	Effective interest held 2016	Measurement method
Infinity Investment Holding Group (Note 7)	Cayman Islands	Engage in equity management and provision of consultancy services in the People's Republic of China (the "PRC")	–	49%	Equity accounting
Dreamy City Limited	British Virgin Islands ("BVI")	Investment holding in Hong Kong	**30%**	NA	Equity accounting
Cheer Chain Limited	Hong Kong	Engage in the development of children's online educational content and related products in the PRC and Hong Kong	**30%**	NA	Equity accounting

There are no contingent liabilities relating to the Group's interests in the associates.

17 Intangible Assets

	2017 **HK$'000**	2016 HK$'000
Goodwill (Note (a))	**10,628**	10,628
Trading rights	**1,000**	1,000
At 31 December	**11,628**	11,628

(a) Goodwill arose from the acquisition of following business during the year ended 31 December 2016.

	2017 **HK$'000**	2016 HK$'000
WAG Worldsec Corporate Finance Limited ("WAG")	**10,628**	10,628

The recoverable amount of a CGU is determined based on a value-in-use calculation. The calculation uses pre-tax cash flow projection based on five-year financial budget approved by management using the estimated growth rate of 5% (2016: 5%). Cash flows beyond the five-year period are extrapolated assuming a terminal growth rate of 3% (2016: 3%) and no material change in the existing scope of business, business environment and market conditions. The discount rate applied to the cash flow projections is 15% (2016: 15%) and management believes it reflects specific risks relating to the segment. Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

18 Principal Subsidiaries

Details of the principal subsidiaries as at 31 December 2017 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares directly held by the Group (%)
Miracle View Group Ltd	BVI, limited liability company	Investment holding in Hong Kong	US$3,158,077	100%	100%
iOne Financial Press Limited	Hong Kong, limited liability company	Provision of financial printing services in Hong Kong	HK$10,000,000	–	100%
WAG Worldsec Corporate Finance Limited	Hong Kong, limited liability company	Provision of financial advisory service in Hong Kong	HK$17,000,000	100%	100%
Huajin Financial (International) Holdings Limited (Note 2.1(c))	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$126,467,000	100%	100%
Huajin Securities (International) Limited (Note 2.1(c))	Hong Kong, limited liability company	Provision of securities dealing and advisory service in Hong Kong	HK$65,000,000	–	100%
Huajin Futures (International) Limited (Note 2.1(c))	Hong Kong, limited liability company	Future contracts dealing in Hong Kong	HK$25,000,000	–	100%
Huajin Finance (International) Limited (Note 2.1(c))	Hong Kong, limited liability company	Provision of money lending service in Hong Kong	HK$5,000,000	–	100%
Huajin Research (International) Limited (Note 2.1(c))	Hong Kong, limited liability company	Provision of securities advisory in Hong Kong	HK$500,000	–	100%

19 Available-For-Sale Investments

Movements of the carrying amount of available-for-sale investments during the year are as follows:

	2017 HK$'000	2016 HK$'000
At 1 January	**8,500**	7,788
Addition (Note (a))	**15,708**	–
Interest receivable from listed subordinated notes	**263**	–
Fair value adjustment recognised in other comprehensive income	**10**	712
At 31 December	**24,481**	8,500

The Group measured all its available-for-sale investments at fair value.

(a) For the year ended 31 December 2017, the Group acquired a 3.876% tier 2 subordinated notes in the principal amount of US$2,000,000 at a total consideration of US$2,013,861 (equivalent to HK$15,708,000) issued by Chong Hing Bank Limited with maturity date on 26 July 2027.

(b) The ending balance of available-for-sale investments includes the following:

	2017 HK$'000	2016 HK$'000
Listed subordinated notes – in Hong Kong	**15,481**	–
Unlisted equity investment – in Hong Kong (Note (c))	**9,000**	8,500
	24,481	8,500

The available-for-sale investments are denominated in the following currencies:

	2017 HK$'000	2016 HK$'000
HK dollar	**9,000**	8,500
US dollar	**15,481**	–
	24,481	8,500

(c) The balance represented fair value of the Group's 3% equity interest in Johnson Cleaning.

(d) Valuation of available-for-sale investments
The fair value of the unlisted equity investment that is not traded in an active market is determined by an independent qualified valuer, APAC Asset Valuation and Consulting Limited.

The valuation of available-for-sale investment determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The most significant unobservable input is the rate of return on the investment. The lower the rate of return, the higher the fair value of the available-for-sale investment.

The fair value of subordinated notes traded in Hong Kong is based on quoted market price.

20 Amounts Due from Customers on Services Contracts

	2017 **HK$'000**	2016 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	**5,663**	5,128
Progress billings to date	**–**	–
	5,663	5,128
Less: provision for impairment of amounts due from services contracts	**–**	(106)
	5,663	5,022
Included in current assets are the following:		
Due from customers on services contracts	**5,663**	5,022

Movements on the Group's provision for impairment of amounts due from customers on services contracts were as follows:

	2017 **HK$'000**	2016 HK$'000
At 1 January	**106**	525
Written-off	**(106)**	(525)
Provision for impairment of amounts due from services contracts	**–**	106
At 31 December	**–**	106

21 Margin Loans Receivable

Margin loans to third parties are bearing interest at commercial rates, secured by the underlying pledged securities and are repayable on demand. The carrying values of margin loans approximate to their fair values. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the nature of the business of securities margin financing.

22 Trade Receivables

	2017 HK$'000	2016 HK$'000 (Restated)
Trade receivables in relation to provision of financial printing and translation services (Note (b))	**37,526**	42,099
Trade receivables in relation to provision of underwriting, consultancy and advisory services (Note (b))	**4,560**	–
	42,086	42,099
Due from stockbrokers and clearing houses (Note (a))	**1,836**	1,425
Due from stockbroking clients (Note (a))	**883**	839
	44,805	44,363
Less: provision for impairment of receivables	**(13,390)**	(10,353)
Trade receivables, net	**31,415**	34,010

(a) The settlement terms of trade receivables attributable to the securities trading and stockbroking business are two days after the trade date, and those of trade receivables attributable to the futures broking business are one day after the trade date. No ageing analysis is disclosed for amounts due from stockbrokers, clearing houses and stockbroking clients as in the opinion of directors, it does not give additional value in view of nature of these businesses. For the remaining business of the Group, trade receivables are on general credit terms of 90 days.

(b) As at 31 December 2017, the ageing analysis of trade receivables excluding amounts due from stockbrokers, clearing houses and stockbroking clients based on invoice date was as follows:

	2017 HK$'000	2016 HK$'000
Up to 90 days	**22,326**	21,712
91-180 days	**6,194**	6,799
181-270 days	**2,305**	5,177
271-365 days	**2,098**	57
Over 365 days	**9,163**	8,354
	42,086	42,099
Less: provision for impairment of receivables	**(13,390)**	(10,353)
Trade receivables, net	**28,696**	31,746

22 Trade Receivables (Continued)

(b) (Continued)

The ageing analysis of trade receivables, excluding amounts due from stockbrokers, clearing houses and stockbroking clients, based on the due date at the end of reporting period is as follows:

	2017 **HK$'000**	2016 HK$'000
Neither past due nor impaired	**15,300**	11,589
1-90 days	**11,233**	13,979
91-180 days	**2,838**	3,041
181-270 days	**2,521**	5,125
271-365 days	**1,290**	11
Over 365 days	**8,904**	8,354
	42,086	42,099
Less: provision for impairment of receivables	**(13,390)**	(10,353)
Trade receivables, net	**28,696**	31,746

As of 31 December 2017, trade receivables of HK$13,396,000 (2016: HK$20,157,000) were past due but not impaired. For receivables which are past due but not impaired, management considers there has not been a significant change in credit quality of these balances and the amounts are still fully recoverable. For the remaining trade receivables that are neither past due nor impaired, management believes that the amounts are recoverable with reference to their historical payment records and business relationship.

As at 31 December 2017, trade receivables of HK$13,390,000 (2016: HK$10,353,000) were impaired. The amount of the provision was HK$13,390,000 as of 31 December 2017 (2016: HK$10,353,000). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2017 **HK$'000**	2016 HK$'000
Up to 90 days	**3,760**	–
91-180 days	**–**	–
181-270 days	**21**	2,913
271-365 days	**1,275**	–
Over 365 days	**8,334**	7,440
	13,390	10,353

22 Trade Receivables (Continued)

(b) (Continued)

Movements on the Group's provision for impairment of trade receivables were as follows:

	2017 **HK$'000**	2016 HK$'000
At 1 January	**10,353**	17,036
Receivables written off	**(1,941)**	(8,874)
Provision for impairment of receivables	**5,228**	3,208
Receivables written back	**(250)**	(1,017)
At 31 December	**13,390**	10,353

The maximum exposure to credit risk as at the end of reporting period is the carrying values of the trade receivables. The Group did not hold any collateral as security.

(c) As at 31 December 2017 and 2016, the carrying amounts of trade receivables approximated their fair values.

Trade receivables were denominated in the following currencies:

	2017 **HK$'000**	2016 HK$'000 (Restated)
HK dollar	**28,685**	33,458
US dollar	**2,730**	552
	31,415	34,010

23 Other Receivables, Deposits and Prepayments

	2017 **HK$'000**	2016 HK$'000 (Restated)
Other receivables, deposits and prepayments	**23,606**	17,488
Less: non-current portion	**(9,288)**	(10,432)
	14,318	7,056

The balance mainly represents rental deposits and other miscellaneous prepayments.

As at 31 December 2017 and 2016, the carrying amounts of other receivables, deposits and prepayments approximated their fair values and were denominated in HK$.

24 Client Trust Bank Balances

Client trust bank balances were denominated in the following currencies:

	2017 HK$'000	2016 HK$'000
HK dollar	**17,283**	10,958
RMB	**62**	–
US dollar	**46**	–
	17,391	10,958

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified in the consolidated statement of financial position the clients' deposits as client trust bank balances in the current assets section and recognised the corresponding trade payables to the respective clients in the current liabilities section, on the grounds that the Group is liable for any misappropriation of the respective clients' deposits as stipulated under the Hong Kong Securities and Futures Ordinance ("SFO"). The Group is not allowed to use the clients' monies to settle its own obligations under the SFO. As such, these monies are not included in cash and cash equivalents of the Group for cash flow purposes in the consolidated statement of cash flows.

25 Cash and Cash Equivalents

	2017 HK$'000	2016 HK$'000 (Restated)
Cash at bank and on hand	**99,846**	138,553

Cash and cash equivalents were denominated in the following currencies:

	2017 HK$'000	2016 HK$'000 (Restated)
HK dollar	**83,392**	103,800
RMB	**5,294**	26,424
US dollar	**11,160**	8,329
	99,846	138,553

The bank balances are deposited with creditworthy banks with no recent history of default.

26 Trade Payables

	2017 HK$'000	2016 HK$'000 (Restated)
Due to stockbrokers and dealers (Note (a))	**62**	62
Due to stockbroking clients (Note (b))	**28,573**	7,119
Trade payables (Note (c))	**6,217**	10,242
	34,852	17,423

(a) The settlement terms of amounts due to stockbrokers and dealers are 2 days after the trade date. No ageing analysis is disclosed for amounts due to stockbrokers and dealers as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

(b) The majority of the trade payables to stockbroking clients are on demand except where certain trade payables to stockbroking clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The amounts due to stockbroking clients are placed in trust and segregated accounts with authorised institutions. No ageing analysis is disclosed for amounts due to stockbroking clients as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

(c) The average credit period from the Group's trade creditors is 30 to 60 days (2016: 30 to 60), and the amounts are non-interest bearing.

The ageing analysis of other trade payables based on the invoice date was as follows:

	2017 HK$'000	2016 HK$'000
Up to 90 days	**5,265**	8,382
91-180 days	**128**	1,099
181-365 days	**112**	–
Over 365 days	**712**	761
	6,217	10,242

(d) The carrying amounts of trade payables were mainly denominated in HK$ and approximated their fair values due to short term maturities.

27 Other Payables and Accruals

	2017 HK$'000	2016 HK$'000 (Restated)
Consideration payable for acquisition of Johnson Cleaning	**–**	1,000
Consideration payable for acquisition of WAG	**–**	4,653
Other payables and accruals (Note)	**19,303**	21,406
Deposit received from customers	**12,277**	7,076
	31,580	34,135

Note: The balance mainly represents provision of bonus and commission.

The carrying amounts of other payables and accruals were mainly denominated in HK$ and approximated their fair values due to short term maturities.

28 Deferred Tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**–**	(391)
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**104**	239
– Deferred tax liability to be settled within 12 months	**59**	92
	163	331
Deferred tax liabilities/(assets) (net)	**163**	(60)

28 Deferred Tax (Continued)

The movements in deferred tax during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Tax depreciation allowance HK$'000
At 31 December 2015	292
Business combination under common control	(110)
At 1 January 2016 (Restated)	182
Credited to profit or loss	(240)
Disposal of subsidiaries	(2)
At 31 December 2016 and 1 January 2017 (Restated)	(60)
Charged to profit or loss	223
At 31 December 2017	**163**

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$8,071,000 (2016 restated: HK$9,490,000) in respect of losses amounting to HK$48,913,000 (2016 restated: HK$57,517,000) that can be carried forward against future taxable income.

29 Share Capital

	2017 **HK$'000**	2016 HK$'000
Authorised:		
12,000,000,000 (2016: 12,000,000,000) ordinary shares of HK$0.00025 each (2016: HK$0.00025 each)	**3,000**	3,000
Issued and fully paid:		
10,060,920,000 (2016: 9,200,000,000) ordinary shares of HK$0.00025 each (2016: HK$0.00025 each)	**2,515**	2,300

A summary of movements in the Company's issued share capital is as follows:

	Number of shares ('000)	**Share capital** HK$'000
At 31 December 2016 and 1 January 2017	9,200,000	2,300
Issue of shares on 25 August 2017 (Note)	860,920	215
At 31 December 2017	**10,060,920**	**2,515**

Note:

On 25 August 2017, 860,920,000 new shares were issued at the subscription price of HK$0.151 each. The gross proceeds received by the Company were HK$129,999,000, among which HK$215,000 was credited to share capital account and the balance of HK$129,191,000 (net of professional fee of HK$593,000) was credited to share premium account.

30 Share Option Scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 25 June 2008, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. Under the Share Option Scheme, the directors of the Company may, at their absolute discretion, offer eligible participants, being, employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers who will provide or have provided services to the Group, options to subscribe for shares in the Company representing up to maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange (i.e. 23,000,000 shares, representing approximately 0.23% of the issued share capital of the Company as the date of this report) and subject to renewal with shareholders' approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company's issued share capital, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company's shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

30 Share Option Scheme (Continued)

Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the highest of the closing price of the Company's shares on the date of grant, the average closing prices of the Company's shares for the five business days immediately preceding the date of grant and the nominal value of the Company's shares.

No option has been granted by the Company under the Share Option Scheme since its adoption and up to 31 December 2017.

31 Note to the Consolidated Statement of Cash Flows

Reconciliation of profit/(loss) before income tax to cash generated from continuing operations

	2017 **HK$'000**	2016 HK$'000 (Restated)
Cash flows from operating activities from continuing operations		
Profit/(loss) before income tax	**1,156**	(26,272)
Adjustments for:		
Share of results of associates	**3**	–
Interest expense	**2,096**	1,099
Interest income	**(461)**	(7,453)
Dividend income	**(450)**	–
Depreciation of property, plant and equipment	**4,183**	4,762
Loss on disposals of property, plant and equipment	**3**	–
Loss on disposal of subsidiaries	**–**	1,427
Operating profit/(loss) before working capital changes	**6,530**	(26,437)
Change in working capital:		
Amounts due from customers on services contracts	**(641)**	901
Trade receivables	**2,595**	14,507
Margin loans receivable	**(28,601)**	(3,515)
Other receivables, deposits and prepayments	**(6,118)**	17,775
Client trust bank balances	**(6,433)**	(8,168)
Balances with related parties	**(1,500)**	(2,160)
Trade payables	**17,429**	(2,004)
Other payables and accruals	**3,098**	850
Cash used in continuing operations	**(13,641)**	(8,251)

31 Note to the Consolidated Statement of Cash Flows (Continued)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

	2017 HK$'000	2016 HK$'000
Cash and cash equivalents	**99,846**	138,553
Loan from a related party – fixed interest rate and repayable within one year	**(35,500)**	(23,768)
Net debt	**64,346**	114,785

	Assets	**Liabilities from financing activities**	
	Cash and cash equivalents HK$'000	**Loan from a related party due within 1 year** HK$'000	**Total** HK$'000
Net debt as at 31 December 2016	138,553	(23,768)	114,785
Cash flows	(38,707)	(11,732)	(50,439)
Net debt as at 31 December 2017	**99,846**	**(35,500)**	**64,346**

32 Operating Leases

As lessee

The Group leases a number of office premises and office equipment under operating leases. The leases generally run for an initial period of two to five years. None of the leases includes contingent rentals.

At the end of reporting period, the Group was committed to make the following future minimum lease payments in respect of rented office premises and equipment under non-cancellable operating leases, which fall due as follows:

	2017 HK$'000	2016 HK$'000 (Restated)
Not later than one year	**24,712**	27,631
Later than one year and not later than five years	**16,816**	36,884
	41,528	64,515

33 Related Party Transactions

In addition to those disclosure elsewhere in the financial statements, the following transactions were entered into terms and prices mutually agreed between the relevant parties.

(a) Rendering of services

	2017 HK$'000	2016 HK$'000
Consultancy and financial advisory service income received from Huafa HK, a subsidiary of Zhuhai Huafa (the single largest shareholder of the Company) and an intermediate shareholder of the Company		
– Consultancy income I (Note i)	**30,374**	–
– Consultancy income II (Note ii)	**15,000**	–
– Consultancy income III (Note iii)	**2,730**	–
– Financial advisory income (Note iv)	**2,350**	–
	50,454	–
Printing and translation services income received from		
– Huafa HK	**322**	–
– Huafa Industrial (HK) Limited ("Huafa Industrial"), a subsidiary of Zhuhai Huafa	**40**	–
	362	–
Underwriting commission income received from Huaxing Investment Holding Company ("Huaxing"), a subsidiary of Huafa HK (Note v)	**1,053**	–
Success fee income received from Huafa Industrial (Note vi)	**2,500**	–
	54,369	–

33 Related Party Transactions (Continued)

(b) Other related party transactions

	2017 **HK$'000**	2016 HK$'000
Recharge of administrative expenses to Huafa HK (Note vii) (Note 6)	**3,660**	–
Interest expense paid to a related party (Note viii)		
– Huafa HK	**1,571**	881

During the year ended 31 December 2017, the Group disposed of Huajin Infinity to Huafa HK (Note 7).

(c) Year end balances

In addition to those disclosed elsewhere, particulars of the amount due from/(to) related parties and loan from a related party are as follows:

	2017 **HK$'000**	2016 HK$'000 (Restated)
Amount due from a related party (Note ix)		
– Success Wealth Enterprises Limited, a subsidiary of Huafa HK	**–**	2,160
Amount due from/(to) a related party (Note ix)		
– Amount due from Huafa HK (Note vii) (Note 6)	**3,660**	–
– Amount due to Huafa HK		
Classified as a current liability	**(401)**	(25,030)
Liabilities associated with asset classified as held for sale	**–**	(98,000)
Loan from a related party (Note viii)		
– Huafa HK	**(35,500)**	(23,768)

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Short-term benefits	**19,565**	18,648
Post-employment benefits	**72**	54
	19,637	18,702

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

33 Related Party Transactions (Continued)

Note

(i) In March 2017, prior to the Company's acquisition of Huajin Group (Note 1), Huajin Financial entered into a consultancy agreement ("Consultancy Agreement I") with Huafa HK in relation to Huaxing's proposed issuance of USD denominated bonds in 2017. Huaxing successfully issued US$200 million 3.50 per cent bonds due in year 2020 (the "First Bonds") and US$100 million 3.50 per cent bonds due in year 2020 (the "Further Bonds") in January and March 2017 respectively. Both the First Bonds and the Further Bonds (collectively, the "Huaxing Bonds") are listed on the Stock Exchange of Hong Kong Limited.

The amount of consultancy income of US$3.9 million (equivalent to HK$30,374,000) related to the consultancy services provided by Huajin Financial ("Consultancy Service I"). Pursuant to the Consultancy Agreement I and communications between Huajin Financial and Huafa HK, Consultancy Service I included but not limited to:

- preparing of a report covering matters relating to debt market for US dollars denominated debts, issuance structure, scale and terms (e.g. pricing and expiry date);
- assisting in preparation of application documents and obtaining approval from relevant government authorities for bond offering; and
- identifying, approaching and promoting the bonds to potential investors.

Pursuant to the Consultancy Agreement I, the service fee for Consultancy Service I of US$3.9 million was determined by reference to a number of factors, including:

- Difference between (1) the annual interest rate of bonds with same credit rating issued by a comparable company in a period close to issuance date of the Huaxing Bonds; and (2) the annual interest rate of the Huaxing Bonds;
- Principal amount of the Huaxing Bonds; and
- Maturity period of the Huaxing Bonds.

Huafa HK settled the service fee of US$3.9 million in March 2017.

(ii) The consultancy income of HK$15,000,000 related to the consultancy services provided by Huajin Financial during the year ended 31 December 2017 to Huafa HK in relation to Huafa HK's investment strategies and plans pursuant to the consultancy agreement ("Consultancy Agreement II") entered into between Huajin Financial and Huafa HK in September 2017, prior to the Company's business combination with Huajin Group (Note 1). Pursuant to the Consultancy Agreement II, Huajin Financial would provide Huafa HK consultancy services ("Consultancy Service II'), which include but not limited to, financial market and economic data analysis, strategic solutions for business development, corporate financial information; and market research and analysis service.

According to the Consultancy Agreement II, the fee for the Consultancy Service II amounted to HK$15,000,000, which was agreed at terms mutually agreed by both parties.

Huafa HK settled the service fee of HK$15,000,000 in September 2017.

33 Related Party Transactions (Continued)

Note (Continued)

(iii) In December 2017, Huajin Securities, a wholly-owned subsidiary of Huajin Group, entered into a consultancy agreement ("Consultancy Agreement III") with Huafa HK for the consultancy services in relation to Huafa HK's proposed issuance of USD denominated bonds tentatively to be launched in the first half of year 2018. Pursuant to the Consultancy Agreement III, consultancy services ("Consultancy Service III") include but not limited to the preparation of a report covering matters related to debt market for US dollars denominated debts, issuance structure and terms; and cost/benefit analysis of the issuance and credit rating analysis.

Pursuant to the Consultancy Agreement III, the amount of the service fee of Consultancy Service III was US$350,000 (approximately HK$2,730,000). This was agreed at terms mutually agreed by both parties, the basis of which was determined by reference to, amongst other things:

- the Group's internal policy which is applicable to all business partners;
- fees for historical services of similar nature (if any);
- size of the relevant services;
- resources estimated to be spent on providing the relevant services; and
- target profit margin for the Group for such services by reference to the type and timing of services and deliverables required.

The Consultancy Service III was rendered by Huajin Group during the year ended 31 December 2017 and the corresponding receivable was included in "trade receivables in relation to provision of underwriting, consultancy and advisory services" (Note 22). Huafa HK settled the service fee of US$350,000 in January 2018.

(iv) The amounts related to the financial advisory services provided by WAG to Huafa HK pursuant to the financial adviser agreement ("Financial Adviser Agreement") entered into between WAG and Huafa HK in December 2017. Pursuant to the Financial Adviser Agreement, WAG would provide Huafa HK with financial advisory services (the "Advisory Services") in relation to a potential listing of a company invested by Huafa HK ("Listing Candidate") on the Main Board of The Stock Exchange Hong Kong Limited ("Potential Listing"). The Advisory Services include:

- conducting preliminary due diligence work on the Listing Candidate and advising on the feasibility of the Potential Listing;
- liaising and coordinating with professional parties to conduct further due diligence on the Listing Candidate in respect of its operations, financial and legal matters relating to the Listing Candidate, and providing analysis and advice on the compliance with the Listing Rules regarding the Potential Listing;
- preparing a feasibility report to the management of Huafa HK in relation to the Potential Listing and assisting with streamlining operations and shareholding structure and advising on the same;
- providing recommendations on share capital and business reorganisation as well as advising on the implication of certain share acquisitions by Huafa HK in the Listing Candidate; and
- advising on the work allocation and timeline in relation to the Potential Listing.

33 Related Party Transactions (Continued)

Note (Continued)

(iv) (Continued)

Pursuant to the Financial Adviser Agreement, the amount of the financial advisory service fee was HK$2,350,000. This was agreed at terms mutually agreed by both parties, the basis of which was determined with reference to, amongst other things:

- the Group's internal policy which is applicable to all business partners;
- fees for historical services of similar nature (if any);
- size of the relevant services;
- resources estimated to be spent on providing the relevant services; and
- target profit margin for the Group for such services with reference to the type and timing of services and deliverables required.

The Advisory Services were rendered by WAG during the year ended 31 December 2017. Huafa HK has settled the service fee of HK$2,350,000 in December 2017.

(v) The amount related to the underwriting services provided by Huajin Securities to Huaxing during the issuance of the Huaxing Bonds pursuant to subscription agreement entered into between Huajin Securities and Huaxing in March 2017. Pursuant to the fee side letter issued by Huaxing to Huajin Securities in March 2017, the amount of underwriting commission income was US$135,000 (equivalent to HK$1,053,000). This was agreed at terms mutually agreed by both parties, taking into account of principal amount of the Huaxing Bonds for which Huajin Securities procured subscribers to subscribe and pay.

(vi) During the year ended 31 December 2017, WAG introduced an investment opportunity to Huafa Industrial in relation to a company that was listed on the Stock Exchange of Hong Kong Limited in November 2017 (the "Investment"). WAG prepared investment and market analysis reports to Huafa Industrial on such Investment opportunity. Pursuant to which, Huafa Industrial has realised gains from the Investment. After negotiations with Huafa Industrial, the Group entered into a fee agreement with Huafa Industrial in December 2017, pursuant to which, Huafa Industrial agreed to pay WAG a success fee of HK$2,500,000 ("Success Fee") and such Success Fee has been settled on 28 December 2017.

(vii) At the beginning of 2017, Huajin Financial and Huafa HK have verbally agreed that Huafa HK would share certain administrative costs of Huajin Financial as Huafa HK would use certain of Huajin Financial's office space and office equipment.

As agreed verbally at the beginning of 2017 and with agreement entered into between Huajin Financial and Huafa HK in September 2017, the administrative costs shared by Huafa HK for the year ended 31 December 2017 was approximately HK$3,660,000. This was agreed at terms mutually agreed by both parties, the basis of which was determined by reference to:

- Estimated relevant actual administrative costs incurred by Huajin Financial in 2017;
- Estimated office area jointly-shared by Huafa HK; and
- Estimated percentage of usage of the shared facilities by Huafa HK.

Huafa HK settled the amount of HK$3,660,000 in January 2018.

(viii) Loan from a related party was unsecured with interest bearing at the rate of 5% per annum and repayable on demand. The carrying amount of the loan from a related party approximated its fair value and was denominated in HK$.

(ix) Amounts due from/(to) related parties were unsecured, interest-free and repayable on demand. The carrying amounts of amounts due from/(to) related parties approximated their fair values and were denominated in HK$.

34 Statement of Financial Position and Reserve Movement of the Company

(a) Statement of financial position of the Company as at 31 December 2017 and 31 December 2016

	2017 HK$'000	2016 HK$'000
Non-current assets		
Investments in subsidiaries	**238,722**	112,189
Available-for-sale investments	**24,481**	8,500
	263,203	120,689
Current assets		
Other receivables, deposits and prepayments	**1,156**	1,182
Amount due from a related party	**–**	2,160
Cash and cash equivalents	**5,841**	1,442
	6,997	4,784
Total assets	**270,200**	125,473
EQUITY		
Share capital	**2,515**	2,300
Reserves (Note b)	**210,163**	91,092
Total equity	**212,678**	93,392
Current liabilities		
Other payables and accruals	**1,569**	7,578
Amount due to a related party	**401**	731
Loan from a related party	**35,500**	23,768
Amounts due to subsidiaries	**20,052**	4
	57,522	32,081
Total liabilities	**57,522**	32,081
Total equity and liabilities	**270,200**	125,473

The statement of financial position of the Company were approved by the Board of directors on 30 January 2018 and were signed on its behalf.

XIE Wei *Director*	**LI Guangning** *Director*

34 Statement of Financial Position and Reserve Movement of the Company (Continued)

(b) Reserves movement of the Company

	Share premium	Contributed surplus (Note a)	Available-for-sale investment reserves	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2016	39,756	65,305	150	(7,207)	98,004
Loss for the year	–	–	–	(7,624)	(7,624)
Other comprehensive income	–	–	712	–	712
Total comprehensive income/(loss)	–	–	712	(7,624)	(6,912)
At 31 December 2016 and 1 January 2017	39,756	65,305	862	(14,831)	91,092
Loss for the year	–	–	–	(10,130)	(10,130)
Other comprehensive income	–	–	10	–	10
Total comprehensive income/(loss)	–	–	10	(10,130)	(10,120)
Issuance of new shares	129,191	–	–	–	129,191
At 31 December 2017	168,947	65,305	872	(24,961)	210,163

Note a:

Contributed surplus of the Company represents the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the Reorganisation.

HJ Capital (International) Holdings
Company Limited

Stock Code: 982

Room 3605, 36/F, Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

www.huajinci.com