SFUND INTERNATIONAL HOLDINGS LIMITED
廣州基金國際控股有限公司

(Formerly known as Hanbo Enterprises Holdings Limited 恒寶企業控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1367)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2017	2016	% Change
	HK$'000	*HK$'000*	
Revenue	**259,106**	365,750	(29.2)%
Gross profit	**46,309**	60,447	(23.4)%
Loss for the year and attributable to owners of the parent	**(44,159)**	(5,527)	699.0%
Basic loss per share	**HK(9.20) cents**	HK(1.15) cents	

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of SFund International Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017, together with the comparative figures for the corresponding period of 2016. These results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
REVENUE	*4 & 5*	**259,106**	365,750
Cost of sales		**(212,797)**	(305,303)
Gross profit		**46,309**	60,447
Other income and gains	*5*	**2,130**	1,633
Selling and distribution costs		**(2,652)**	(1,272)
Administrative expenses		**(86,473)**	(63,703)
Other expenses, net		**(689)**	(459)
Finance costs	*6*	**(1,817)**	(84)
LOSS BEFORE TAX	*7*	**(43,192)**	(3,438)
Income tax	*8*	**(806)**	(2,089)
LOSS FOR THE YEAR		**(43,998)**	(5,527)
Attributable to:			
Owners of the parent		**(44,159)**	(5,527)
Non-controlling interests		**161**	–
		(43,998)	(5,527)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**HK(9.20) cents**	HK(1.15) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(43,998)**	(5,527)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**859**	(363)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**859**	(363)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(43,139)**	(5,890)
Attributable to:		
Owners of the parent	**(43,524)**	(5,890)
Non-controlling interests	**385**	–
	(43,139)	(5,890)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**5,514**	4,421
Right-of-use assets		**11,494**	–
Goodwill		**12,320**	–
Intangible assets	*12*	**17,100**	900
Available-for-sale investments	*13*	**2,713**	926
Equity investment at fair value through profit or loss	*14*	**7,238**	10,528
Deposit and other receivables		**6,219**	7,136
Total non-current assets		**62,598**	23,911
CURRENT ASSETS			
Inventories		**20**	12
Accounts receivable	*15*	**51,177**	51,811
Loan receivable	*16*	**16,275**	20,000
Prepayments, deposits and other receivables		**18,765**	39,804
Tax recoverable		**106**	–
Cash and cash equivalents		**99,841**	49,286
Total current assets		**186,184**	160,913
CURRENT LIABILITIES			
Trade and bills payables	*17*	**12,304**	14,260
Other payables and accruals		**20,247**	18,458
Interest-bearing bank and other borrowings	*18*	**7,684**	12,160
Tax payable		**9,991**	8,659
Total current liabilities		**50,226**	53,537
NET CURRENT ASSETS		**135,958**	107,376
TOTAL ASSETS LESS CURRENT LIABILITIES		**198,556**	131,287
NON-CURRENT LIABILITIES			
Other payables and accruals		**8,100**	387
Interest-bearing other borrowing	*18*	**86**	156
Bond payable	*19*	**80,000**	–
Deferred tax liabilities		**2,978**	205
Total non-current liabilities		**91,164**	748
Net assets		**107,392**	130,539

	Notes	**2017** **HK$'000**	2016 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*20*	**4,800**	4,800
Reserves		**81,776**	125,739
		86,576	130,539
Non-controlling interests		**20,816**	–
Total equity		**107,392**	130,539

NOTES

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investment at fair value through profit or loss, which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of HKAS 7, the adoption of the above revised standards has had no significant financial effect on the Group's consolidated financial statements.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in the Group's consolidated financial statements.

Early adoption of Hong Kong Financial Reporting Standards

During the year, the Group has elected to early adopt the following new HKFRSs in the current year's consolidated financial statements and the principal effects for adopting these new HKFRSs are as follows:

HKFRS 15	*Revenue from Contracts with Customers*
HKFRS 16	*Leases*

(a) HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15")

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard.

The Group has reviewed the impact of HKFRS 15 on its revenue stream and has elected to early adopt HKFRS 15 with effect from 1 January 2017. The Group has opted for a modified retrospective approach permitted by HKFRS 15 whereby the cumulative effect of the initial adoption as an adjustment to the opening balance of retained profits at 1 January 2017.

The revenue recognition of the principal activities of the Group's contract with customers are as follows:

(i) sales of apparel products at a point in time when control of the apparel products is transferred to the customer, generally on delivery of products to the port of shipment; and

(ii) income from provision of advisory and fund management services is recognised over the period of services rendered.

Apart from providing more extensive disclosures on the Group's revenue transactions, the application of HKFRS 15 has had no significant impact on the financial position and/or financial performance of the Group.

(b) HKFRS 16 *Leases* ("HKFRS 16")

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases* ("HKAS 17"), HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* ("HK(IFRIC) – Int 4"), HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

HKFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset, representing its right to use the underlying leased asset and a lease liability, representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liability similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying HKAS 7 *Statement of Cash Flow*s.

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

The Group has reviewed the impact of HKFRS 16 on all its contracts that are, or that contain leases and has elected to early adopt HKFRS 16, with effect from 1 January 2017. The Group has opted for the modified retrospective application permitted by HKFRS 16 upon adoption of the new standard. Accordingly, the standard has been applied for the year from 1 January 2017 to 31 December 2017 only (i.e. the initial application year). Modified retrospective application requires the recognition of the cumulative impact of adoption of HKFRS 16 on all contracts as at 1 January 2017 in equity.

The details of adjustments to opening retained profits and other account balances as at 1 January 2017 and profit or loss effect for the year ended 31 December 2017 are set out below.

Consolidated Statement of Financial Position

	As at 1 January 2017		
	As previously stated *HK$'000*	**Adjustments under HKFRS 16** *HK$'000*	**Restated** *HK$'000*
Assets			
Right-of-use assets	–	16,555	16,555
Liabilities			
Lease liability included in other payables and accruals			
– Non-current portion	387	12,019	12,406
– Current portion	18,458	4,975	23,433
	18,845	16,994	35,839
Equity			
Retained profits	59,020	(439)	58,581

Consolidated Statement of Profit or Loss

	Year ended 31 December 2017		
	Effect of early adoption of HKFRS 16 *HK$'000*	**Results without early adoption of HKFRS 16** *HK$'000*	**Decrease/ (increase) in loss for the year** *HK$'000*
Administrative expenses	86,473	86,869	396
Finance costs	1,817	1,334	(483)
Loss for the year	43,998	43,911	(87)

Modified retrospective application of HKFRS 16 also requires the Group to recognise a lease liability at the date of initial application for leases previously classified as an operating lease under the superseded HKAS 17 measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. As a practical expedient under HKFRS 16, the Group has not reassessed whether a contract is, or contains, a lease at the date of initial application. Instead, the Group applied HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4, and did not apply HKFRS 16 to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics for determination of present value of the remaining lease payments. The right-of-use assets have been recognised, on a lease-by-lease basis, at respective carrying amounts equal to lease liability as if HKFRS 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate of 2.75% at the date of initial application.

Based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application.

Amendments to the accounting policies as a result of early adoptions of HKFRS 15 and HKFRS 16 are disclosed in the Group's consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, except for the HKFRS 15 and HKFRS 16 as discussed in note 2 above, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
HKFRS 9	Financial Instruments[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainly over Income Tax Treatments[2]
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]

[1] *Effective for annual periods beginning on or after 1 January 2018*
[2] *Effective for annual periods beginning on or after 1 January 2019*
[3] *No mandatory effective date yet determined but available for adoption*

Of those standards, HKFRS 9 will be applicable for the Group's financial year ending 31 December 2018 and are expected to have a significant impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

In September 2014, the HKICPA issued the final version of HKFRS 9, bring together all phases of the financial instruments project to replace HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39") and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed an assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(A) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets, except for equity investments classified as available-for-sale investments which are carried at costs less impairment are qualified for designation as measured at fair value through other comprehensive income ("FVTOCI") under HKFRS 9 but the Group will not elect this option for designation at FVTOCI. Therefore, these investments will be measured at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, any differences between the previous carrying amount and fair value will be adjusted to retained profits as at 1 January 2018. For other financial assets currently measured at amortised cost and fair value through profit or loss will continue with their respective classification and measurements upon the adoption of HKFRS 9.

(B) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its accounts and loan receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group has expected that the provision for impairment will increase upon the adoption of HKFRS 9.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) apparel trading and related services segment engages in trading of apparel products and provision of the apparel supply chain management services;

(b) financial services segment engages in securities dealing business, provision of asset management services, corporate finance and related advisory services;

(c) money lending segment engages in the provision of loan financing; and

(d) securities investment segment engages in investment in listed and unlisted investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that bank interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

(a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and tax recoverable; and

(b) all liabilities are allocated to operating segments other than unallocated liabilities, interest-bearing bank and other borrowings, bond payable, tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2017

	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Money lending *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:					
Recognised at a point in time	**257,466**	**–**	**–**	**–**	**257,466**
Recognised over time	**–**	**2,576**	**–**	**–**	**2,576**
	257,466	**2,576**	**–**	**–**	**260,042**
Revenue from other sources	**–**	**–**	**2,354**	**(3,290)**	**(936)**
Segment revenue	**257,466**	**2,576**	**2,354**	**(3,290)**	**259,106**
Segment results	**(5,699)**	**(1,196)**	**57**	**(3,299)**	**(10,137)**
Reconciliation:					
Interest income					**184**
Corporate and other unallocated expenses					**(31,422)**
Finance costs					**(1,817)**
Loss before tax					**(43,192)**
As at 31 December 2017					
Segment assets	**70,671**	**41,014**	**17,724**	**7,243**	**136,652**
Reconciliation:					
Corporate and other unallocated assets					**112,130**
Total assets					**248,782**
Segment liabilities	**19,239**	**59,549**	**17,046**	**8,127**	**103,961**
Reconciliation:					
Elimination of intersegment payables					**(80,349)**
Corporate and other unallocated liabilities					**117,778**
Total liabilities					**141,390**
Other segment information:					
Capital expenditure #*	**1,174**	**17,290**	**–**	**–**	**18,464**
Reversal of impairment of accounts receivable	**(63)**	**–**	**–**	**–**	**(63)**
Reversal of provision for slow-moving inventories	**(104)**	**–**	**–**	**–**	**(104)**
Depreciation of property, plant and equipment#	**1,420**	**50**	**–**	**–**	**1,470**
Depreciation of right-of-use assets #	**1,930**	**–**	**233**	**–**	**2,163**

\# Depreciation of property, plant and equipment, depreciation of right-of-use assets and capital expenditure amounting to HK$178,000 (2016: Nil), HK$3,749,000 (2016: Nil) and HK$636,000 (2016: HK$5,000), respectively, were included under corporate and other unallocated expenses or assets, where appropriate.

* Capital expenditure consists of additions to property, plant and equipment, other assets and intangible assets acquired through the acquisitions of subsidiaries.

For the year ended 31 December 2016

	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Money lending *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Segment revenue	363,234	–	93	2,423	365,750
Segment results	8,318	(15)	93	2,414	10,810
Reconciliation:					
Interest income					172
Unallocated other income and gains					160
Corporate and other unallocated expenses					(14,496)
Finance costs					(84)
Loss before tax					(3,438)
As at 31 December 2016					
Segment assets	99,340	2,126	21,073	10,528	133,067
Reconciliation:					
Corporate and other unallocated assets					51,757
Total assets					184,824
Segment liabilities	31,348	2,140	20,200	8,113	61,801
Reconciliation:					
Elimination of intersegment payables					(30,448)
Corporate and other unallocated liabilities					22,932
Total liabilities					54,285
Other segment information:					
Capital expenditure	190	–	900	–	1,090
Reversal of impairment of accounts receivable	(457)	–	–	–	(457)
Reversal of provision for slow-moving inventories	(340)	–	–	–	(340)
Depreciation	1,679	–	–	–	1,679

Geographical information

During the year, approximately 96.2% (2016: 97.7%) of the Group's total revenue from external customers, based on the locations of the products shipped to/locations of customers, were attributed to the United States of America ("USA"). For the purpose of identifying total revenue from external customers, revenue derived from fair value changes on equity investment at fair value through profit of loss are excluded.

An analysis of disaggregation of revenue from the sales of goods based on the locations of the products shipped to is as follows:

	2017	2016
	HK$'000	*HK$'000*
USA	**252,489**	356,882
Mainland China	**2,536**	2,107
Hong Kong	**119**	2,507
Others	**2,322**	1,738
	257,466	363,234

Revenue from financial services segment amounting to HK$2,516,000 and HK$60,000, based on the locations of customers, were derived in the Mainland China and Hong Kong, respectively. Revenue from money lending segment, based on location of the customer was derived in Hong Kong.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year is set out below:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**112,031**	141,147
Customer B	**67,230**	77,705
Customer C	**31,112**	75,957

* *Less than 10% of revenue*

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents (i) the aggregate of the net invoiced value of apparel products sold, after allowances for returns and trade discounts; (ii) services income from advisory and fund management services; (iii) interest income from money lending business; and (iv) change in fair value of equity investment.

An analysis of the Group's revenue, other income and gains is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**257,466**	363,234
Interest income from money lending business	**2,354**	93
Advisory service income	**60**	–
Fund management fee income	**2,516**	–
Unrealised gain/(loss) on equity investment at fair value through profit or loss	**(3,290)**	2,423
	259,106	365,750
Other income		
Bank interest income	**184**	172
Dividend income from a listed equity investment	**–**	22
Sale of scrap materials	**131**	177
Rework and compensation income	**970**	687
Imputed interest income on non-interest-bearing financial arrangement	**78**	77
Rental income	**388**	–
Sundry income	**126**	237
	1,877	1,372
Gains		
Gain on disposal of a listed equity investment	**–**	138
Gain on foreign exchange differences, net	**5**	123
Gain on remeasurement of available-for-sale investment	**248**	–
	253	261
	2,130	1,633

6. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interest on trade finance loans	**173**	70
Interest on bond payable	**1,054**	–
Interest on other borrowings	**97**	–
Interest on a finance lease	**10**	14
Unwinding of finance costs on lease liability	**483**	–
	1,817	84

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2017 *HK$'000*	2016 *HK$'000*
Auditors' remuneration	**1,724**	1,413
Cost of inventories sold	**212,797**	305,303
Depreciation of property, plant and equipment	**1,648**	1,679
Depreciation of right-of-use assets	**5,912**	–
Employee benefit expense (including directors' remuneration)		
– Wages and salaries, allowances, bonuses, commission and benefits in kind	**48,266**	33,912
– Provision for/(reversal of provision for) long service payments	**(90)**	34
– Termination payments	**20**	1,293
– Pension scheme contributions (defined contribution schemes)#	**2,938**	2,490
	51,134	37,729
Reversal of impairment of accounts receivable*	**(63)**	(457)
Reversal of provision for slow-moving inventories*	**(104)**	(340)
Minimum lease payments under operating leases	**1,659**	2,584

At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

* *The balances were included in "Other expenses, net" in the consolidated statement of profit or loss.*

8. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The subsidiary of the Company established in Mainland China is subject to the People's Republic of China (the "PRC") corporate income tax at a standard rate of 25% (2016: 25%) during the year.

No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from Macao complementary tax pursuant to Macao's relevant tax legislations (2016: nil).

Cambodian tax on profit has been provided at the rate of 20% (2016: 20%) on the taxable profits or a minimum tax of 1% (2016: 1%) of total revenues, whichever is higher, arising during the year.

No provision for Bangladesh income tax has been made on the liaison office of the Company's subsidiary as no assessment profit in Bangladesh was generated during the year (2016: nil).

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**46**	1,071
Overprovision in prior years	**(20)**	(16)
Current – Elsewhere		
Charge for the year	**710**	704
Underprovision in prior years	**–**	178
Deferred	**70**	152
Total tax charge for the year	**806**	2,089

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate is as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(43,192)**	(3,438)
Tax credit at Hong Kong statutory tax rate	**(7,127)**	(567)
Different tax rates for specific provinces or enacted by local authorities	**38**	(146)
Effect of deemed profit tax	**600**	704
Adjustments in respect of current tax of previous periods	**(20)**	162
Income not subject to tax	**(101)**	(1,930)
Expenses not deductible for tax	**6,300**	2,499
Temporary difference not recognised	**102**	129
Tax losses utilised from previous periods	**(174)**	(16)
Tax losses not recognised	**1,158**	1,105
Others	**30**	149
Tax charge at the Group's effective tax rate	**806**	2,089

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent of HK$44,159,000 (2016: HK$5,527,000), and the weighted average number of ordinary shares of 480,000,000 (2016: 480,000,000) in issue during the year.

Diluted loss per share equals to basic loss per share as there was no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

10. DIVIDEND

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

11. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group had additions to items of property, plant and equipment of HK$1,810,000 (2016: HK$195,000) and acquired items of property, plant and equipment through business combination of HK$885,000 (2016: Nil).

12. INTANGIBLE ASSETS

	2017	2016
	HK$'000	*HK$'000*
Cost at 1 January	**900**	–
Addition – separately acquired	**–**	900
Acquisition of subsidiaries	**16,200**	–
At 31 December	**17,100**	900

The intangible asset represents direct costs incurred for the acquisition of a money lenders licence and licences for regulated activities issued by the Hong Kong Securities and Financial Commission (collectively, "Licences"). The intangible assets are stated at cost less any impairment losses.

The Licences is considered by the Directors as having indefinite useful lives because it is expected that the Licences can be renewed continuously at minimal cost and it will contribute net cash inflows for the Group in the foreseeable future. The Licences will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Unlisted equity investments, at cost	**2,713**	926

As at 31 December 2016, the available-for-sale investment represented the Group's investment in a 9.5% equity interest in Nan Guo International Securities Limited ("Nan Guo", formerly known as Tak Yun Wealth Management Company Limited). During the year, the Group acquired the remaining 90.5% equity interest in Nan Guo, thereby increasing the Group's interest in Nan Guo to 100%. Accordingly, the Group accounted for its investment in Nan Guo as a subsidiary and derecognised the carrying value of the related available-for-sale investment during the year. Further details of which are set out in note 21.

As at 31 December 2017, the available-for-sale investments represented the Group's investments in various unlisted equity investments in the PRC. The unlisted equity investments with an aggregate carrying amount of HK$2,713,000 was stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future.

14. EQUITY INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	HK$'000	*HK$'000*
Listed equity investment in Hong Kong, at market value	**7,238**	10,528

The above equity investment was upon initial recognition, designated by the Group as financial asset at fair value through profit or loss.

15. ACCOUNTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**42,742**	51,408
Bills receivable	**686**	708
Fund management fee receivables	**7,991**	–
	51,419	52,116
Less: Impairment	**(242)**	(305)
	51,177	51,811

Trade and bills receivables

Trade and bills receivables relate to the Group's apparel trading and related services business. The Group's trading terms with its customers in apparel trading and related services business are mainly on credit. The credit period generally ranges from 40 to 90 days (2016: 30 to 75 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables, as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**25,260**	29,340
1 to 2 months	**8,333**	11,946
2 to 3 months	**8,080**	10,525
Over 3 months	**1,513**	–
	43,186	51,811

The movements in provision for impairment of trade and bills receivables are as follows:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**305**	762
Impairment loss reversed	**(63)**	(457)
At 31 December	**242**	305

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$242,000 (2016: HK$305,000) with a carrying amount before provision of HK$242,000 (2016: HK$305,000).

The individually impaired trade and bills receivables relate to a customer that was in financial difficulties.

An aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**33,082**	41,169
Less than 1 month past due	**7,354**	10,642
1 to 3 months past due	**2,750**	–
	43,186	51,811

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Fund management fees receivables

Fund management fees receivables relate to the Group's fund management business and are due from investment funds in which the Group acts as the fund manager. Pursuant to the respective fund management agreements, the fund management fee shall be paid in advance at the beginning of each year. As at 31 December 2017, the fund management fee receivables, based on the period in which services were rendered, amounting to HK$820,000 (2016: Nil) and HK$7,171,000 (2016: Nil) were not yet due and less than 12 months past due, respectively. In the opinion of the Directors, no provision for impairment is necessary in respect of these balances as the underlying investment of the funds are financially healthy and continues to generate income. The balances are considered fully recoverable.

16. LOAN RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Loan receivable – unsecured	**16,275**	20,000

Loan receivable arising from the money lending business of the Group bears interest at a rate of 13% (2016: 13%) per annum. The Group did not hold any collateral or other credit enhancements over this balance.

The loan receivable as at 31 December 2017 and 2016, based on the payment due date, were neither past due nor impaired and relates to an independent borrower for whom there was no recent history of default.

17. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**12,304**	14,260

The trade and bills payables are non-interest-bearing and are normally settled on an average term of 30 days.

18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2017			2016		
	Effective interest rate *(%)*	***Maturity***	***HK$'000***	Effective interest rate *(%)*	*Maturity*	*HK$'000*
Current						
Finance lease payable	**5.00**	**2018**	**82**	5.00	2017	72
Other loan						
– unsecured	**5.00**	**2018**	**3,000**	–	–	–
Loan from a shareholder						
– unsecured	**5.00**	**2018**	**2,500**	–	–	–
Trade finance loans						
– secured	**3.64**	**2018**	**2,102**	3.34	2017	12,088
			7,684			12,160
Non-current						
Finance lease payable	**5.00**	**2019**	**86**	5.00	2018-2019	156
			86			156
			7,770			12,316

Notes:

(a) Certain of the Group's bank and other loans were secural by:

(i) certain security deposits placed to banks by a director of a subsidiary of the Group;

(ii) personal guarantees given by a director of a subsidiary of the Group;

(iii) corporate guarantees given by certain subsidiaries of the Group;

(iv) a promissory note executed by a subsidiary of the Group and a director of a subsidiary of the Group of HK$75,000,000; and

(v) certain properties pledged by a director of a subsidiary of the Group.

(b) Except for trade finance loans of HK$2,102,000 (2016: HK$12,088,000) and finance lease payable of HK$168,000 (2016: HK$228,000) which are denominated in United States dollars ("US$") and Renminbi ("RMB"), respectively, all other loans are denominated in HK$.

19. BOND PAYABLE

	2017	2016
	HK$'000	*HK$'000*
Unlisted bond repayable after one year	**80,000**	–

At the end of the reporting period, the particulars of the straight bond issued by the Company to a company indirectly wholly-owned by a substantial shareholder of the Company is as follows:

Issue date	**Maturity from issue date**	**Coupon rate**	**Effective interest rate**	**Principal outstanding**	
				2017	2016
				HK$'000	*HK$'000*
30 October 2017	23 months	8%	7.95%	**80,000**	–

All bond is unsecured and contain no conversion feature.

20. SHARE CAPITAL

Shares

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
1,000,000,000 (2016: 1,000,000,000) shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
480,000,000 (2016: 480,000,000) shares of HK$0.01 each	**4,800**	4,800

21. BUSINESS COMBINATIONS

As part of the Group's strategy to diversify its operations into the financial service sector which includes but not limited to the provision of financing, brokerage, asset management and investment management services and securities investments, the Group completed the following acquisitions during the year. In the opinion of the Directors, the goodwill arising from the following acquisitions represents the expected synergy for building an all-rounded financial services platform.

(a) Acquisition of Nan Guo

In the prior year, the Group acquired a 9.5% equity interest in Nan Guo, a company incorporated in Hong Kong and licensed with Type 1 (Dealing in Securities) licence by the Securities and Futures Commission for a consideration of HK$926,000. The Group's investment therein was accounted for as an available-for-sale investment.

On 20 January 2017, the Group signed a sale and purchase agreement ("Nan Guo SP Agreement") with an independent third party to purchase the remaining 90.5% equity interest in Nan Guo for an aggregate consideration of HK$8.8 million which is subject to adjustments pursuant to the terms and conditions of the Nan Guo SP Agreement, including among others, adjusted net assets of Nan Guo. The transaction was completed on 31 October 2017 and the final consideration for the 90.5% equity interest in Nan Guo was HK$14,687,000. Nan Guo is principally engaged in provision of securities brokage services. The goodwill arose from this acquisition amounted to HK$2,602,000.

(b) Acquisition of Benington Capital Limited ("Benington")

On 15 February 2017, the Group entered into a sale and purchase agreement ("Benington SP Agreement") with an independent third party, to acquire a 100% equity interest in Benington for an aggregate consideration of HK$6.0 million which is subject to adjustments pursuant to the terms and conditions of Benington SP Agreement, including among others, adjusted net assets of Benington. The transaction was completed on 31 October 2017 and the final consideration was HK$6.7 million. Benington is a company incorporated in Hong Kong and licensed with Type 4 (Advising on Securities) licence and Type 9 (Asset Management) licence by the Securities and Futures Commission. It is principally engaged in provision of asset management and advisory services. The goodwill arose from this acquisition amounted to HK$1,282,000.

(c) Acquisition of 湖南匯垠天星股權投資私募基金管理有限公司(Hunan Huiyin Tianxing Private Equity Investment Fund Management Co. Ltd.) ("Hunan Huiyin Tianxing")

On 27 April 2017, the Group entered into a capital contribution agreement with existing shareholders of Hunan Huiyin Tianxing whereby the Group agreed to inject RMB25 million (equivalent to approximately HK$29.7 million) into Hunan Huiyin Tianxing in exchange for a 51% equity interest of the enlarged capital therein. One of the existing shareholders is an indirectly wholly-owned subsidiary of a substantial shareholder of the Company. The transaction was completed on 10 November 2017. Hunan Huiyin Tianxing is principally engaged in investment management services. The goodwill arose from this acquisition amounted to HK$8,436,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Supply Chain Management Services Business

The Group provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. This includes sourcing of raw materials and third-party manufacturers, sample creation, product design and development, production management, merchandising, quality control, logistics management and social compliance monitoring services. The Group acts as a one-stop solution provider to its customers to meet their needs along the apparel supply chain. Revenue is derived primarily from the sale of apparel products it procures for its customers.

Our major customers in the USA are mainly department and specialty stores. Because of change in their sourcing strategies or weak sales in the USA market, our revenue decreased by approximately 29.1% from HK$363,234,000 in 2016 to HK$257,466,000 in 2017. Gross profit margin slightly increased by 1.4 percentage point from 15.9% to 17.3%, and hence gross profit decreased by approximately 22.9% from HK$57,931,000 to HK$44,669,000 in the current year.

The manufacturing environment remained to be concentrated in Cambodia, Bangladesh and the PRC. We have shifted more orders to Bangladesh and this helped us to reduce cost pressure. Besides, the strengthening of US$ against RMB also helped to stabilize the material costs.

Overheads were reduced during the year as a result of the corporate restructuring in April 2016, but it was still insufficient to compensate the decrease in gross profit due to declining revenue. The Group incurred a loss before tax on apparel operation amounting to HK$5,699,000.

Financial Services Business

On 16 December 2016, the Group had acquired 665,000 ordinary shares representing 9.5% of the issued share capital of Nan Guo at a total consideration of HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Nan Guo is a corporation licensed for Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). In January 2017, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Nan Guo at a total cash consideration of HK$14,622,000 (subject to adjustment with reference to the net asset value of Nan Guo as at the date of completion of the acquisition). In June 2017, Nan Guo issued and allotted 1,000,000 ordinary shares at HK$1 each. The Group subscribed 95,000 ordinary shares, which is in proportion to the percentage of shareholding of the Group as at the date of share issue, at a total cash consideration of HK$95,000. The acquisition of the remaining 90.5% of the issued share capital of Nan Guo was completed on 31 October 2017 at a total cash consideration of HK$14,687,000. Immediately after the completion of the acquisition, Nan Guo had become an indirect wholly-owned subsidiary of the Company. Due to the short period of time after the completion, Nan Guo had not generated any operating income contributable to the Group for the year ended 31 December 2017.

In February 2017, the Group entered into a conditional sale and purchase agreement with a third party independent of the Company and its connected persons (as defined under the Listing Rules) for the acquisition of Benington, a corporation licensed to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO at a total consideration of HK$6,600,000 (subject to adjustment with reference to the net asset value of the Benington as at the date of completion). The acquisition was completed on 31 October 2017 at a total cash consideration of HK$6,705,000. Immediately after the completion of the acquisition, Benington had become an indirect wholly-owned subsidiary of the Company. Due to the short period of time after the completion, Benington's contribution of operating income to the Group was minimal for the year ended 31 December 2017.

In April 2017, Silver Year Limited ("Silver Year"), an indirect wholly-owned subsidiary of the Company, entered into a capital contribution agreement with Hunan Huiyin Tianxing and its shareholders, pursuant to which Silver Year agreed to make capital contribution in the amount of RMB25,000,000 by way of cash to Hunan Huiyin Tianxing and became a shareholder of the Hunan Huiyin Tianxing holding 51% of its equity interests upon completion of the transaction. Hunan Huiyin Tianxing is owned as to 19.6% by Guangzhou Huiyin Tianye Equity Investment Fund Management Co., Ltd ("Guangzhou Huiyin Tianye"). Guangzhou Huiyin Tianye is an indirect wholly-owned subsidiary of the People's Government of Guangzhou Municipality and is therefore a connected person of the Company as defined under the Listing Rules. Hunan Huiyin Tianxing is engaged in equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund and corporate management consultancy services. The capital contribution was completed on 10 November 2017. Immediately after the completion of the capital contribution, Hunan Huiyin Tianxing had become a subsidiary of the Company. During the year, the revenue and operating profit before tax generated by Hunan Huiyin Tianxing contributable to the Group were HK$2,516,000 and HK$397,000, respectively, which were mainly derived from its fund management services and other consultancy services. Details of the capital contribution is set out in the Company's announcements dated 27 April 2017 and 10 November 2017 and circular dated 9 June 2017, respectively.

Subsequently in January 2018, Hunan Huiyin Tianxing acquired 49% equity interests in 湖南國開鐵路建設私募基金管理有限公司 (Hunan Guokai Railway Development Private Equity Fund Management Company Limited*) ("Hunan Guokai") from an independent third party for a consideration of RMB1,450,000, and Hunan Huiyin Tianxing will make a further capital contribution of RMB3,920,000 to Hunan Guokai, no later than 31 December 2025. The remaining 51% shareholder of Hunan Guokai is 湖南軌道交通控股集團有限公司 (Hunan Rail Transit Holding Group Co., Ltd.*) ("Hunan Rail"), an independent third party. Hunan Rail is wholly-owned by the Hunan Government and primarily engaged in the investment, construction, operation and management of various rail transit infrastructure projects in Hunan Province. Established in August 2015, Hunan Guokai is engaged in the management of private equity fund investing in railway construction, management of proprietary investments in assets (including equity) and investment consultancy services. At the date of this report, Hunan Guokai manages the 湖南國開鐵路建設私募基金合夥企業(有限合夥) (Hunan Guokai Railway Development Private Equity Fund (Limited Partnership)*) ("Railway Fund") as its general partner. The Railway Fund is currently the only policy-driven fund in Hunan Province that invests in railway infrastructure and is primarily engaged in the investment of railway projects run on a public-private partnership basis in Hunan Province involving land acquisition and relocation. The Railway Fund has a target fund size of RMB10 billion and has asset under management of approximately RMB1 billion. Details of the acquisition is set out in the Company's announcement dated 1 February 2018.

Money Lending Business

The Group engaged in the money lending business through Capital Strategic Partners Limited ("Capital Strategic"), an indirect wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong. During the year, the interest income and operating profit generated in this segment were HK$2,354,000 (2016: HK$93,000) and HK$57,000 (2016: operating profit of HK$93,000), respectively. During the year, there was only one transaction of loan advanced to a customer, which was disclosed in the announcements issued by the Company on 19 December 2016, 19 June 2017 and 18 December 2017, respectively. The loan was still outstanding as at 31 December 2017 with an outstanding loan principal of HK$16,275,000. The increase in interest income was solely due to the extension of the loan period regarding the above-mentioned loan advanced to a customer and the decrease in operating profit in this segment for the year ended 31 December 2017 was mainly resulted from the allocation of centralised administrative expenses amounting to HK$1,119,000 (2016: nil).

On 24 November 2017, Capital Strategic entered into a loan agreement with Yuan Heng Gas Holdings Limited ("Yuan Heng"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 332). Pursuant to the loan agreement, Capital Strategic agreed to grant to Yuan Heng a loan of HK$180,000,000 for a term of 6 months from the date of the drawdown, which could be further extended for another 6 months with written consent of Capital Strategic (or any other date as may be agreed by Capital Strategic and Yuan Heng in writing). The loan is secured by the charge over the entire issued share capital of an indirect wholly-owned subsidiary of Yuan Heng and the floating charge over all or any part of the property and/or assets of an indirect wholly-owned subsidiary of Yuan Heng in favour of Capital Strategic. Further details of the transaction is also set out in the Company's announcements dated 24 November 2017 and 25 January 2018 and circular dated 22 December 2017, respectively. The transaction was subsequently completed on 25 January 2018 and no interest income was recognised for the year ended 31 December 2017.

On 14 February 2018, Capital Strategic entered into another loan agreement with China-HK Holdings Investment Limited ("China-HK"), a company incorporated in Hong Kong with limited liability, pursuant to which Capital Strategic had agreed to provide a loan facility to the China-HK in the principal amount of HK$40,000,000 for a term of 6 months from the dates of the relevant drawdown, which could be further extended upon the request of China-HK and subject to agreement of Capital Strategic in writing. The loan is secured by the charge over the entire issued share capital of China-HK and 2 wholly-owned subsidiaries of China-HK. Further details of the transaction is also set out in the Company's announcements dated 14 February 2018. Since the transaction was completed after the end of the financial year under review, no interest income was recognised for the year ended 31 December 2017.

The management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loans portfolio and lending rates charged to each customer to maximise the return of the money lending business as well as diversify the credit risk.

Securities Investment

During the year, the Group carried out the Group's investment business in securities investment.

As investment in securities is one of the operating businesses of the Group, the net realised and unrealized gain or loss on financial assets at fair value through profit or loss is recognised as a component of the revenue of the Group.

During the year, the revenue arising from this segment was negative revenue of HK$3,290,000 (2016: positive revenue of HK$2,423,000). Revenue was attributable to the net unrealised loss on securities investment of HK$3,290,000 (2016: net unrealized gain of HK$2,423,000). No realised gain or loss on securities investment was noted during the year.

The overall performance of the securities investment business recorded a loss of HK$3,299,000 for the year ended 31 December 2017 (2016: profit of HK$2,414,000), which was primarily attributable to the unrealised loss on securities investment stated above, net of administrative expenses of HK$9,000 (2016: HK$9,000) incurred during the year as a result of business operation. As at 31 December 2017, the market value of the Group's listed securities portfolio was HK$7,238,000 (2016: HK$10,528,000).

The Group is currently looking into other investment opportunities including private equities, debt securities, derivatives and funds. The management plans to revise its investment strategies and formulate new investment policies in the near future.

FINANCIAL REVIEW

During the financial year under review, the Group has diversified its operations into four segments, being

(a) trading of apparel products and provision of the apparel supply chain management services;

(b) financial services;

(c) money lending; and

(d) securities investment.

Financial results from the Group's operations are summarised as follows:

Revenue

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2017 is as follows:

- Supply chain management services business: HK$257,466,000, 99.3% of revenue (2016: HK$363,234,000, 99.31%)

- Financial services business: HK$2,576,000, 1.0% of revenue (2016: nil)

- Money lending business: HK$2,354,000, 1.0% of revenue (2016: HK$93,000, 0.03%)

- Securities investment: negative revenue of HK$3,290,000, –1.3% of revenue (2016: HK$2,423,000, 0.66%)

Revenue by Geographical Segments

Ratio analysis by geographical segments for the Group's revenue for the year ended 31 December 2017 is as follows:

- USA: HK$252,489,000, 97.4% of revenue (2016: HK$356,882,000, 97.6%)

- Mainland China: HK$5,052,000, 2.0% of revenue (2016: HK$2,107,000, 0.6%)

- Hong Kong: -HK$757,000, -0.3% of revenue (2016: HK$5,023,000, 1.4%)

- Other countries: HK$2,322,000, 0.9% of revenue (2016: HK$1,738,000, 0.4%)

The Group's revenue for the year ended 31 December 2017 was HK$259,106,000, being a decrease of HK$106,644,000 when compared to the previous year of HK$365,750,000. The decrease was mainly due to the net effect of (i) a decrease in revenue derived from supply chain management services business to HK$257,466,000 (2016: HK$363,234,000) due to the significant decrease in Group's sales to department and specialty stores in the USA because of the stagnant apparel retail market; (ii) an increase in revenue derived from financial services business of HK$2,576,000 (2016: nil), which were mainly derived from the Group's fund management services and other consultancy services in Mainland China and Hong Kong; (iii) an interest income from a loan advanced to an independent third party of HK$2,354,000 (2016: HK$93,000); and (iv) an unrealized loss on an investment in listed equity investment at fair value through profit and loss of HK$3,290,000 (2016: unrealized gain of HK$2,423,000), which was arising from the Group's business segment on securities investment.

Cost of Sales

Cost of sales of the Group relates to its supply chain management services business and includes raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products. Other costs include miscellaneous costs such as freight charges, inspection charges, declaration fees, depreciation and insurance.

Subcontracting fees continues to be the major component of the Group's total cost of sales.

Gross Profit and Margin

The Group's gross profit for the year ended 31 December 2017 was HK$46,309,000, representing a decrease of 23.4% from HK$60,447,000 in the previous year.

The Group's gross profit margin for its supply chain management services business increased from 15.9% for the previous year to 17.3% for the current year, which was mainly attributable to relatively higher proportion of sales to high gross margin customers during the year.

Other Income and Gains

Other income and gains for the year ended 31 December 2017 was HK$2,130,000, representing an increase of approximately 30.4% from the previous year of HK$1,633,000. The increase was mainly due to the increase in rework and compensation income and rental income derived from sub-letting of a warehouse located in Hong Kong.

Selling and Distribution Costs

Selling and distribution costs primarily consist of (i) sample cost; (ii) travelling expenses; (iii) electronic data interchange charges; (iv) entertainment expenses; (v) air freight charges; and (vi) other selling and distribution expenses. Selling and distribution costs increased by approximately 108.5% from HK$1,272,000 to HK$2,652,000, which was mainly due to increase in air freight charges and sampling expenses.

Administrative Expenses

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, entertainment expenses, rental expenses for the Group's office premises and travelling expenses. Administrative expenses increased by approximately 35.7% from HK$63,703,000 to HK$86,473,000, which was mainly due to the increase in salaries and other office and rental expenses derived from the Group's new administrative office in Hong Kong and depreciation of right-of-use assets, as well as the increase in legal and professional fees paid for arrangement of loan transactions and acquisition of subsidiaries during the year.

Other Expenses, Net

Other expenses, net mainly represented the claims paid to customers. Other expenses, net for the year was HK$689,000, representing an increase of approximately 50.1% from HK$459,000 in the previously year. The increase was mainly due to decrease in reversal of impairment of accounts receivable and reversal of provision of slow-moving inventories.

Finance Costs

Finance costs increased by approximately 2,063.1% from HK$84,000 to HK$1,817,000. The increase was mainly due to (i) increase in average utilisation of trade finance loans; (ii) issue of bonds in the principal amount of up to HK$80,000,000 with a coupon rate of 8% per annum for a term of 23 months in October 2017; and (iii) interest on lease liability upon early adoption of new Hong Kong Financial Reporting Standard 16 Leases during the year.

Loss for the Year

The net loss attributed to the parent of the Company for the year ended 31 December 2017 amounted to HK$44,159,000 (2016: HK$5,527,000), resulted in a basic loss per share for the year ended 31 December 2017 of HK9.20 cents (2016: basic loss per share of HK1.15 cents), representing an increase in loss attributed to the shareholders of the Company (the "Shareholders") by 699.0%. The increase in loss was resulted from the effects of (i) decrease in revenue as described above; (ii) increase in administrative expenses, which was mainly attributable to the increase in staff costs to HK$49,671,000 (2016: HK$36,155,000) and increase in legal and professional fees paid for arrangement of loan transactions, acquisition of subsidiaries and other transactions during the year, amounting to HK$4,715,000 (2016: HK$3,562,000); and (iii) increase in finance costs to approximately HK$1,817,000 (2016: HK$84,000), being the interest expenses in respective of bonds issued and bank and other borrowings during the year, as well as the unwinding of finance costs on lease liability.

PROSPECTS

Apparel Trading and Supply Chain Management Services Business

The Board remains prudent about the business environment in 2018. We are still waiting to see apparent sign of recovery for our customers in the USA, but we have already explored new customers through trade exhibitions. Our strong production bases in Cambodia and Bangladesh are attractive to European and Canadian buyers because production are flexible and scalable, and also because we can enjoy duty-free privileges. We also realize that the future supply chain business needs to be transformed to exploit IT in the process. We keep on enhancing our ERP system to further strengthen our relationship with supply chain partners and improve efficiency. New module of mobile quality inspection is now employed to streamline the quality inspection work. We have also developed radio-frequency identification solution for our partner factories to improve packing accuracy.

Money Lending Business

The management expects that the money lending business segment will become one of the Group's stable income sources. In the coming year, the management is going to put more effort to develop the money lending business and aim to gain a higher level of loan advance balance with significant returns. It is believed that the expansion of money lending business segment will help the Group to lay a solid capital foundation for the development of financial sector and maintain a healthy cash flow. The management will go on paying close attention to the development of this business segment and promptly react to the demand in the market.

Financial Services Business

Apart from the acquisition of subsidiaries mentioned above, the management continues looking into possible acquisitions of asset management companies and other financial service platforms located in both Hong Kong and the PRC, in order to build a strong, growing and diversified financial services sector.

In addition, the Group is currently looking into other financial service platforms such as fund management companies and plans to further expand this segment via business combination.

The management expects that the contribution from financial services business segment will increase significantly in 2018.

Securities Investment

During the year, the Hong Kong stock market was highly volatile due to both domestic and worldwide social and economic issues. To cope with such situations, the Group will continue to closely monitor the market conditions and may consider to change its investment portfolio from time to time. We will also explore other investment opportunities including but not limited to investment in private equities, debt securities, derivatives and funds. With the introduction of the new management to the Group, the management plans to revise its investment strategies and formulate new investment policies in the near future.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, including bonds and interest-bearing bank and other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issuance of debts and redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Total bank and other borrowings were HK$87,770,000 as at 31 December 2017 (2016: HK$12,316,000), which were mainly incurred for trade finance, operation and investment purpose. Such borrowings were mainly denominated in HK$ and US$. Borrowings amounting to HK$85,668,000 (2016: HK$228,000) are carried at fixed interest rates ranging from 5% to 8% per annum and repayable from 2018 to 2019. The remaining amounts of HK$2,102,000 (2016: HK$12,088,000) are carried at floating interest rates and repayable in 2018.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's working capital was financed by both internal resources and bank and other borrowings.

As at 31 December 2017, cash and cash equivalents amounted to HK$99,841,000, which increased by approximately 102.6% as compared to approximately HK$49,286,000 as at 31 December 2016. The increase was mainly due to the proceeds from other borrowings amounting to HK$85,500,000 during the year, net of operating expenses paid during the year.

As at 31 December 2017, the Group's total borrowings amounted to HK$87,770,000 (2016: HK$12,316,000), mainly consist of finance lease liability amounting to HK$168,000 (2016: HK$228,000) and bank and other borrowings amounting to approximately HK$87,602,000 (2016: HK$12,088,000). The bank and other borrowings of the Group as at 31 December 2017 were incurred for trade finance, operation and investment purpose. The bank borrowings of the Group as at 31 December 2016 were incurred for trade finance purposes.

The current ratio of the Group as at 31 December 2017 was approximately 3.7 (2016: 3.0). The gearing ratio (being the sum of other borrowings and finance leases liabilities divided by the equity attributable to the owners of the Company) of the Group as at 31 December 2017 was approximately 99.0% (2016: 0.2%). The significant increase in gearing ratio is due to the fact that the Group is expanding its money lending business and financial services business, and the capital structure of the subsidiaries in these business segment mainly consists of debts. The management expects that the gearing ratio will be increasing upon further expansion in the money lending business and financial services business.

The Group's net current assets and net assets of approximately HK$135,958,000 (2016: HK$107,376,000) and HK$107,392,000 (2016: HK$130,539,000), respectively.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and US$. The Group has currency exposure as certain income and expenses incurred in the PRC were denominated in RMB. The Group is subjected to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the year, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During the year, the Group's capital expenditures consisted of additions to property, plant and equipment amounting to approximately HK$1,810,000 (2016: HK$195,000).

CAPITAL COMMITMENTS

As at 31 December 2017, the Group has no capital commitment. Subsequent in January 2018, the Group had a capital commitment of RMB3,920,000 in relation to a further capital contribution to Hunan Guokai.

As at 31 December 2016, the Group had a capital commitment of HK$790,000 in relation to an acquisition of a motor vehicle.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had a total of 197 (2016: 153) employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately HK$51,134,000 for the year ended 31 December 2017, as compared to approximately HK$37,729,000 for the previous year.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of the basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other major staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong and the provision of social insurances for employees who are employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for shares of the Company may be granted to the Directors and employees of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the section headed "Material Acquisitions and Disposals of Subsidiaries" below, the Group did not have any plans for material investments during the year.

The Group will finance the future acquisitions through internally generated funds and other fund raising activities, including but not limited to issue of new debts or equity instruments.

SIGNIFICANT INVESTMENT

The Board would like to inform the Shareholders that all financial assets at fair value through profit or loss held as at 31 December 2017 represented shares listed in Hong Kong and the relevant information of the Group's significant investment held at 31 December 2017 is summarised below:

Equity Investment at Fair Value Through Profit or Loss

Stock Code	Name of Security	% of shareholding in the listed securities held by the Group at 31 December 2017	Unrealised loss for the year ended 31 December 2017	Fair value of the investment in listed securities at 31 December 2017
			HK$'000	*HK$'000*
767	Pacific Plywood Holdings Limited ("PPHL")	0.49	(3,290)	7,238

Information published by PPHL regarding its performance and prospects can be found at the HKEXnews website. According to PPHL's announcement of inetrim results for the six months ended 30 June 2017, the PPHL group was principally engaged in the business of operation of peer-to-peer ("P2P") financing platform and other loan facilitation services, money lending and provision of credit and securities investments.

The Company expects that the future performance of the Group's investment portfolio (including the significant investment described above) will be affected by the following external factors:

1) Market risk arising from fluctuations in Hong Kong stock market and changes in the domestic and global economy.

2) Policy risks in the PRC that may materially and adversely affect the outlook for companies in its portfolio.

3) The market price of each stock will be affected by the financial performance and development plans of the relevant company, as well as the outlook of the industry in which such company operates.

In order to mitigate possible financial risks related to the equities, the management will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

As disclosed in the announcement of the Company dated 16 December 2016, the Group had acquired 665,000 ordinary shares, representing 9.5% of the issued share capital of Nan Guo at a total consideration of HK$926,000 from a third party independent of the Company and its connected persons (as defined under the Listing Rules). Nan Guo is a corporation licensed for Type 1 (Dealing in Securities) regulated activity under the SFO. In January 2017, a wholly-owned subsidiary of the Group entered into a conditional sale and purchase agreement for the acquisition of the remaining 90.5% of the issued share capital of Nan Guo at a total cash consideration of HK$14,622,000 (subject to adjustment with reference to the net asset value of Nan Guo as at the date of completion of the acquisition). In June 2017, Nan Guo issued and allotted 1,000,000 ordinary shares at HK$1 each. The Group subscribed 95,000 ordinary shares, which is in proportion to the percentage of shareholding of the Group as at the date of share issue, at a total cash consideration of HK$95,000. The acquisition of the remaining 90.5% of the issued share capital of Nan Guo was completed on 31 October 2017 at a total cash consideration of HK$14,687,000. Immediately after the completion of the acquisition, Nan Guo had become an indirect wholly-owned subsidiary of the Company. Due to the short period of time after the completion, Nan Guo had not generated any operating income contributable to the Group for the year ended 31 December 2017.

In February 2017, the Group entered into a conditional sale and purchase agreement with a third party independent of the Company and its connected persons (as defined under the Listing Rules) for the acquisition of Benington, a corporation licensed to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the SFO at a total consideration of HK$6,600,000 (subject to adjustment with reference to the net asset value of Benington as at the date of completion). The acquisition was completed on 31 October 2017 at a total cash consideration of HK$6,705,000. Immediately after the completion of the acquisition, Benington had become an indirect wholly-owned subsidiary of the Company. Due to the short period of time after the completion, Benington's contribution of operating income to the Group was minimal for the year ended 31 December 2017.

In April 2017, Silver Year, an indirect wholly-owned subsidiary of the Company, entered into a capital contribution agreement with Hunan Huiyin Tianxing and its shareholders, pursuant to which Silver Year agreed to make capital contribution in the amount of RMB25,000,000 by way of cash to Hunan Huiyin Tianxing and became a shareholder of the Hunan Huiyin Tianxing holding 51% of its equity interests upon completion of the transaction. Hunan Huiyin Tianxing is engaged in equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund and corporate management consultancy services. The capital contribution was completed on 10 November 2017. Immediately after the completion of the capital contribution, Hunan Huiyin Tianxing had become a subsidiary of the Company. During the year, the revenue and operating profit before tax generated by Hunan Huiyin Tianxing contributable to the Group were HK$2,516,000 and HK$397,000, respectively, which were mainly derived from its fund management services and other consultancy services. Details of the capital contribution is set out in the Company's announcements dated 27 April 2017 and 10 November 2017 and circular dated 9 June 2017, respectively.

In January 2018, Hunan Huiyin Tianxing acquired 49% equity interests in Hunan Guokai from an independent third party for a consideration of RMB1,450,000, and Hunan Huiyin Tianxing will make a further capital contribution of RMB3,920,000 to Hunan Guokai, no later than 31 December 2025. The remaining 51% shareholder of Hunan Guokai is Hunan Rail, an independent third party. Hunan Rail is wholly-owned by the Hunan Government and primarily engaged in the investment, construction, operation and management of various rail transit infrastructure projects in Hunan Province. Established in August 2015, Hunan Guokai is engaged in the management of private equity fund investing in railway construction, management of proprietary investments in assets (including equity) and investment consultancy services. At the date of this report, Hunan Guokai manages the Railway Fund as its general partner. The Railway Fund is currently the only policy-driven fund in Hunan Province that invests in railway infrastructure and is primarily engaged in the investment of railway projects run on a public-private partnership basis in Hunan Province involving land acquisition and relocation. The Railway Fund has a target fund size of RMB10 billion and has asset under management of approximately RMB1 billion. Details of the acquisition is set out in the Company's announcement dated 1 February 2018.

The Group has not disposed of any of its subsidiaries during the year.

RISK MANAGEMENT

The Group adopts the following risk management policies and monitoring system to mitigate the risks associated with interest rate, foreign currency, credit, liquidity and equity price in its major operation.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates incurred for trade finance. The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustment if necessary.

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposure as income earned and expenses incurred in Mainland China were denominated in RMB.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against US$ may have impact on the operating results of the Group.

The Group has not entered into any hedging arrangement as the foreign currency risk is considered not material. The management has monitored the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Credit Risk

The accounts receivable and loan receivable balances included in the consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's accounts receivable and loan receivable. Concentrations of credit risk are managed by customer and borrower.

The Group performs ongoing credit evaluations of its debtors' financial conditions and requires no collateral from its customers. The allowance for doubtful debts is based on a review of the expected collectability of all accounts receivable.

The Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimize the credit risks. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by management.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investment classified as financial asset at fair value. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period. Management manages this exposure by assessing the risk associated with each individual investment and maintaining a portfolio of investments with different risks in the future if necessary.

CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2017.

CHARGE ON THE GROUP'S ASSETS

No charges on the Group's assets was noted as at 31 December 2017.

USE OF PROCEEDS

The highlights of the use of proceeds during the year is as follows:

(i) Approximately HK$3,700,000 was used for enhancement of our IT system.

(ii) Approximately HK$6,100,000 was used for development of the financial services business of the Group, including the investments in licensed corporations to carry out financial service activities under SFO and investment management company in the PRC.

The proceeds from initial public offering of Company's shares had been fully utilised as at 31 December 2017 and in accordance with the proposed applications set out in the Company's announcement dated 19 December 2016.

DIVIDEND

The Board does not recommend the distribution of any dividends for the year ended 31 December 2017 (2016: nil).

FINANCIAL ASSISTANCE FROM SUBSTANTIAL SHAREHOLDER

On 27 October 2017, the Company, as the issuer (the "Issuer"), entered into a subscription agreement (the "Subscription Agreement A") with a company indirectly wholly-owned by 廣州產業投資基金管理有限公司 (Guangzhou Industry Investment Fund Management Co., Ltd.*), a substantial Shareholder, as the subscriber (the "Subscriber"), in relation to the subscription of unsecured bonds to be issued by the Company (the "Bonds"). The issue of Bonds constituted an exempt connected transaction of the Company under Rule 14A.90 of the Listing Rules. Pursuant to and subject to the satisfaction (or waiver) of the conditions precedent set out in the Subscription Agreement A, the Company agreed to issue, and the Subscriber agreed to subscribe, for the Bonds in the principal amount of up to HK$80,000,000 with a coupon rate of 8% per annum payable quarterly in arrears for a term of 23 months from the date of issue of the Bonds. The net proceeds from the issuance of the Bonds are used by the Group as general working capital of the Group, in particular towards money lending and financial services business and to finance suitable investment opportunities if and when they arise.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 15 December 2017, the Company, as the issuer, entered into a subscription agreement (the "Subscription Agreement B") with GF Investments (Hong Kong) Company Limited, as the subscriber, in relation to the issuance of notes (the "Notes") in the aggregate principal amount of HK$230,000,000. Pursuant to the Subscription Agreement B, the Notes will be issued in the aggregate principal amount of HK$230 million, at the issue price of 100% of the face value of their principal amount, at interest rate of 7.5% per annum. The Notes will be issued in one or two tranches, as determined by the Company in its sole discretion, with the maturity date of each tranche falling 720 days after the related issue date. The subscription of the first tranche of the Notes may be requested by the Company, in its sole discretion, for all or part of the Notes within the first month after the date of the Subscription Agreement B. GF Investments (Hong Kong) Company Limited is an independent third party to the Group. The Notes with principal amounts of HK$180,000,000 and HK$40,000,000 were issued in January 2018, respectively.

Save as disclosed above and in the section headed "Financial assistance from substantial shareholder" above, there had not been any other equity or debt fund raising activity conducted by the Group in the past twelve months.

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

Provision of Financial Assistance Amounting to HK$20,000,000

On 19 December 2016, Capital Strategic (as lender) entered into a loan agreement (the "DT Loan Agreement") with a third party independent of the Company and its connected person (as defined under the Listing Rules) (the "Borrower"), pursuant to which, Capital Strategic agreed to provide a loan to the Borrower in the principal amount of HK$20,000,000 (the "DT Loan") for a period of 6 months following the date of the first drawdown at an interest rate of 13% per annum payable on the date falling 6 months from the first drawing of the DT Loan (the "Provision of the Loan").

As at 19 June 2017, the DT Loan was drawn down by the Borrower and a repayment of HK$1,800,000 was made by the Borrower pursuant to the DT Loan Agreement. As the term of the DT Loan Agreement had expired on 18 June 2017, Capital Strategic and the Borrower had entered into a supplemental deed (the "First Supplement Deed") to, among other matters, (i) extend the maturity date from 19 June 2017, being the immediate following business day of the maturity date which falls on a non-business day, to 18 December 2017; and (ii) revise the DT Loan granted under the DT Loan Agreement down to HK$18,200,000. Other than the maturity date which had been extended to 18 December 2017 and the amount of the DT Loan had been revised down to HK$18,200,000 pursuant to the First Supplemental Deed, the principal terms of the DT Loan Agreement remains applicable to Capital Strategic and the Borrower in connection with the DT Loan.

Subsequent to the date of First Supplemental Deed, a repayment on the DT Loan principal amount of approximately HK$2,566,000 was made by the Borrower pursuant to the DT Loan Agreement and the First Supplemental Deed. As at 18 December 2017, the outstanding DT Loan principal and interest amounts in total was approximately HK$16,275,000. As the term of the First Supplement Deed had expired on 18 December 2017, Capital Strategic and the Borrower had on 18 December 2017 entered into the second supplemental deed (the "Second Supplemental Deed") to, among other matters, (i) extend the maturity date from 18 December 2017 to 18 June 2018; and (ii) revise the DT Loan granted under the DT Loan Agreement down to approximately HK$16,275,000. Other than the maturity date which had been extended to 18 June 2018 and the amount of the DT Loan had been revised down to approximately HK$16,275,000 pursuant to the Second Supplemental Deed, the principal terms of the DT Loan Agreement remains applicable to Capital Strategic and the Borrower in connection with the DT Loan.

As at 31 December 2017, the DT Loan was still outstanding with a loan principal of approximately HK$16,275,000. The grant of the DT Loan under the DT Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules and the Provision of the Loan constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the Provision of the Loan are set out in the announcements of the Company dated 19 December 2016, 19 June 2017 and 18 December 2017, respectively.

Provision of Loan to an Entity Amounting to HK$180,000,000

On 24 November 2017, Capital Strategic, as the lender, entered into a loan agreement (the "MT Loan Agreement") with Yuan Heng, as the borrower, pursuant to which, Capital Strategic would provide a loan of HK$180,000,000 (the "MT Loan") to Yuan Heng for a term of 6 months from the date of drawdown, which could be further extended for another 6 months with written consent of Capital Strategic (or any other dates as may be agreed by Capital Strategic and Yuan Heng in writing) at the interest rate of 10% per annum which will be paid monthly.

The MT Loan is secured by (i) a share charge (the "Share Charge") executed by Firmwill Investments Limited ("Firmwill"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Yuan Heng, in favor of Capital Strategic, whereby, Firmwill would execute the charge over 1 share in Fully World Limited ("Fully World"), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Firmwill, representing the entire issued share capital of Fully World, to Capital Strategic; and (ii) a floating charge ("Floating Charge") over all or any part of the property and/or assets of Fully World created by Fully World in favour of Capital Strategic.

The provision of MT Loan would constitute a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the MT Loan Agreement and the transactions contemplated thereunder would be subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the transaction are set out in the announcements of the Company dated 24 November 2017 and 25 January 2018 and circular dated 22 December 2017, respectively. The transaction was subsequently completed on 25 January 2018.

Provision of Financial Assistance Amounting to HK$40,000,000

On 14 February 2018, Capital Strategic, as the lender, entered into a loan agreement (the "Loan Agreement") with China-HK, as the borrower, pursuant to which Capital Strategic would provide a loan facility of HK$40,000,000 (the "Loan") to China-HK for a term of 6 months from the date of the relevant drawdown, which could be extended upon the requested of China-HK and subject to agreement of Capital Strategic in writing, at the interest rate of 12% per annum which will be paid on the relevant repayment dates of the Loan drawn down.

The Loan is secured by (i) charge over 10,000 shares of China-HK, being the entire issued share capital of the China-HK, in favour of Capital Strategic, by Wide Merit Limited, a company incorporated in the British Virgin Islands, being the holding company of China-HK; and (ii) charges over the entire share capital of 長三角徐州石油科技有限公司(Changsanjiao Xuzhou Petroleum Technology Company Limited*), being a wholly-owned subsidiary of China-HK, and 鹽城賽孚石油化工有限公司 (Yancheng Saifu Petroleum & Chemical Company Limited*), being a wholly-owned subsidiary of Changsanjiao Xuzhou Petroleum Technology Company Limited.

The provision of the Loan under the Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules and the Loan constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the Loan are set out in the announcement of the Company dated 14 February 2018.

Save as disclosed above, the Group did not have any other provision of financial assistance and advance to an entity.

TERMINATION OF PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 22 December 2016 (after trading hours), the Company and Win Wind Securities Limited (the "Placing Agent") entered into a placing agreement (the "Placing Agreement"), pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the placees to subscribe for a maximum number of 96,000,000 placing shares, representing 20% of the then issued share capital of the Company, at the placing price of HK$2.05 per placing share during the placing period (the "Placing"). As disclosed in the announcement of the Company dated 10 January 2017, the Company and the Placing Agent agreed to terminate the Placing Agreement on 10 January 2017 as the conditions precedent stipulated in the Placing Agreement cannot be fulfilled on or prior to the 21st day after the date of the Placing Agreement. All obligations of the Company and the Placing Agent to effect and complete the Placing under the Placing Agreement have ceased and determined. The Directors expected that the termination of the Placing Agreement would have no material adverse effect on the business operation and the financial position of the Group. Details of the Placing and the termination of the Placing are disclosed in the announcements of the Company dated 22 December 2016 and 10 January 2017, respectively.

SUBSEQUENT EVENTS

Issue of Note Instruments in the Aggregate Principal Amount of HK$220,000,000

On 15 December 2017, the Company, as the issuer, entered into the Subscription Agreement B with GF Investments (Hong Kong) Company Limited, as the subscriber, in relation to the issuance of the Notes in the aggregate principal amount of HK$230,000,000. Pursuant to the Subscription Agreement B, the Notes will be issued in the aggregate principal amount of HK$230,000,000, at the issue price of 100% of the face value of their principal amount, at interest rate of 7.5% per annum. The Notes will be issued in one or two tranches, as determined by the Company in its sole discretion, with the maturity date of each tranche falling 720 days after the related issue date. The subscription of the first tranche of the Notes may be requested by the Company, in its sole discretion, for all or part of the Notes within the first month after the date of the Subscription Agreement B. GF Investments (Hong Kong) Company Limited is an independent third party to the Group. The Notes with principal amounts of HK$180,000,000 and HK$40,000,000 were issued on 24 January 2018 and 14 February 2018, respectively.

Completion of Provision of Loan to an Entity Amounting to HK$180,000,000

On 25 January 2018, all the conditions precedent to the MT Loan Agreement had been fulfilled and Yuan Heng had made the drawdown in the principal amount HK$180,000,000. Details of the transaction are set out in the announcements of the Company dated 24 November 2017 and 25 January 2018 and circular dated 22 December 2017, respectively.

Completion of Provision of Financial Assistance Amounting to HK$40,000,000

On 14 February 2018, Capital Strategic entered into the Loan Agreement with China-HK, pursuant to which Capital Strategic had agreed to provide a loan facility to the China-HK in the principal amount of HK$40,000,000. The transaction was completed on 14 February 2018. Details of the transaction are set out in the announcement of the Company dated 14 February 2018.

Acquisition of 49% equity interests in 湖南國開鐵路建設私募基金管理有限公司

Reference is made to the announcements and circular of the Company dated 27 April 2017, 9 June 2017 and 10 November 2017 in respect of, among other things, the Group's acquisition of 51% interests in Hunan Huiyin Tianxing.

In January 2018, Hunan Huiyin Tianxing acquired 49% equity interests in Hunan Guokai from an independent third party for a consideration of RMB1,450,000, and Hunan Huiyin Tianxing will make a further capital contribution of RMB3,920,000 to Hunan Guokai, no later than 31 December 2025. The remaining 51% shareholder of Hunan Guokai is Hunan Rail. Hunan Rail is wholly-owned by the Hunan Government and primarily engaged in the investment, construction, operation and management of various rail transit infrastructure projects in Hunan Province. Details of the acquisition is set out in the announcement of the Company dated 1 February 2018.

CHANGE OF COMPANY NAME

Pursuant to the special resolution passed at the extraordinary general meeting of the Company held on 15 November 2017 to approved the change of the English name of the Company from "Hanbo Enterprises Holdings Limited" to "SFund International Holdings Limited" and dual foreign name in Chinese of "恒寶企業控股有限公司" to "廣州基金國際控股有限公司" was duly passed by the Shareholders.

The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 16 November 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 6 December 2017 confirming the registration of the Company's new English and Chinese names in Hong Kong under part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The website of the Company was changed from "www.hanbo.com" to "www.1367.com.hk" with effect from 18 December 2017.

The English stock short name of the Company has been changed from "HANBO ENT HLDGS" to "SFUND INTL HLDG" and the Chinese stock short name has been changed from "恒寶企業控股" to "廣州基金國際控股" for trading in the shares of the Company on the Stock Exchange, with effect from 21 December 2017. The stock code of the Company on the Stock Exchange remains as "1367".

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

The Company has complied with all the Code Provisions of the CG Code during the year ended 31 December 2017.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the year ended 31 December 2017, which shall be sent to the Shareholders in due course.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, risk management and internal control systems of the Group. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Fok Ho Yin, Thomas (chairman), Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk management and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 December 2017 with the management and the Company's external auditor, Ernst & Young.

REVIEW OF ANNUAL RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the annual results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2017. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this annual results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.1367.com.hk.

The printed copy of the annual report will be sent to Shareholders and the soft copy of the same will be published on websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 9 May 2018 (the "AGM"). Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Shareholders together with the annual report. Notice of the AGM and the proxy form will also be available on the websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 3 May 2018 to Wednesday, 9 May 2018, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 2 May 2018 (Hong Kong time).

By order of the Board
SFund International Holdings Limited
Mr. Jia Bowei
Chairman & Executive Director

Hong Kong, 26 March 2018

As at the date of this announcement, the executive Directors are Mr. Jia Bowei, Mr. Lam Kwan Sing, Mr. Liu Zhijun, Ms. Yi Sha, Mr. Wong Nga Leung and Mr. Hon Ming Sang and the independent non-executive directors are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral, and Mr. Lam Ho Pong.