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HKFIHG

香港金融集團

HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED

香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

ANNOUNCEMENT OF 2018 FINAL RESULTS

RESULTS

The Board of Directors (the "Board") of Hong Kong Finance Investment Holding Group Limited (the "Company") announced that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Continuing operations			
Revenue	*4*	**942,475**	97,065
Cost of goods sold and direct cost		**(890,984)**	(51,563)
Gross profit		**51,491**	45,502
Other income	*5*	**1,811**	2,271
Other gains or losses	*6*	**8,391**	19
Fair value change on investment properties		**289,004**	130,240
Impairment loss of financial asset at amortised cost, net	*8*	**(592)**	2,515
Selling and distribution expenses		**(913)**	(1,082)
Administrative expenses		**(65,675)**	(71,570)
Impairment loss on exploration and evaluation assets		**–**	(2,886)
Profit from operation		**283,517**	105,009
Finance costs	*9*	**(30,216)**	(10,531)
Profit before taxation		**253,301**	94,478
Taxation	*10*	**(73,665)**	(31,896)
Profit for the year from continuing operations	*11*	**179,636**	62,582

	Notes	2018 HK$'000	2017 HK$'000
Discontinued operations			
Loss for the year from discontinued operations	12	**(20,905)**	(100,079)
Profit/(Loss) for the year		**158,731**	(37,497)
Other comprehensive (expenses)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange reserve arising on translation of financial statements of foreign operations			
Exchange (loss)/gain arising during the year		**(245,556)**	55,425
Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations		**19,135**	–
Fair value loss on available-for-sale securities		**–**	(342)
		(226,421)	(55,083)
Items that will not be reclassified to profit or loss:			
Fair value gain on financial assets at fair value through other comprehensive income		**468**	–
Other comprehensive expenses for the year		**(225,953)**	(55,083)
Total comprehensive (expense)/income for the year		**(67,222)**	17,586
Profit/(Loss) for the year attributable to owners of the Company			
from continuing operations		**180,887**	61,976
from discontinued operations		**(20,905)**	(50,312)
Profit for the year attributable to owners of the Company		**159,982**	11,664
(Loss)/Profit for the year attributable to non-controlling interests			
from continuing operations		**(1,251)**	606
from discontinued operations		**–**	(49,767)
Loss for the year attributable to non-controlling interests		**(1,251)**	(49,161)
		158,731	(37,497)
Total comprehensive (expenses)/income attributable to:			
Owners of the Company		**(66,097)**	64,656
Non-controlling interests		**(1,125)**	(47,070)
		(67,222)	17,586
Earnings per share			
From continuing and discontinued operations			
– Basic	13	**HK$0.0455**	HK$0.0046
– Diluted		**HK$0.0420**	HK$0.0046
From continuing operations			
– Basic	13	**HK$0.0514**	HK$0.0246
– Diluted		**HK$0.0473**	HK$0.0246

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**116,648**	120,572
Investment properties		**1,416,547**	598,151
Intangible assets		**–**	1,401
Available-for-sale securities		**–**	1,098
Investment in equity instrument at fair value through other comprehensive income		**1,566**	–
Deposit paid for acquisition of a subsidiary		**–**	118,757
Deposit paid for construction		**160,000**	–
Statutory deposits		**4,075**	4,057
Loans receivable		**12,993**	21,975
		1,711,829	866,011
Current assets			
Properties for sale		**1,846,586**	–
Accounts receivable	*15*	**273,689**	128,694
Loans receivable		**7,513**	1,480
Other receivables, prepayments and deposits		**43,162**	7,827
Pledged fixed deposits (general accounts)		**5,251**	5,239
Bank balances (trust and segregated accounts)		**104,231**	163,219
Bank balances (general accounts) and cash		**41,155**	164,679
		2,321,587	471,138
Assets associated with disposal group held for sale		**–**	318,821
		2,321,587	789,959

	Notes	2018 HK$'000	2017 HK$'000
Current liabilities			
Accounts payable	*16*	**303,524**	177,514
Other payables and accrued expenses		**26,393**	37,891
Amounts due to Directors		**85,491**	85,305
Borrowings		**66,021**	–
Tax payable		**1,868**	156
		483,297	300,866
Liabilities associated with disposal group held for sale		**–**	133,403
		483,297	434,269
Net current assets		**1,838,290**	355,690
Total assets less current liabilities		**3,550,119**	1,221,701
Non-current liability			
Deferred tax liability		**102,224**	33,025
Corporate bonds		**19,560**	19,312
Convertible bonds		**104,055**	–
Borrowings		**254,509**	311,005
		480,348	363,342
Net assets		**3,069,771**	858,359
Capital and reserves			
Share capital	*17*	**400,000**	252,128
Reserves		**2,666,684**	584,364
Equity attributable to owners of the Company		**3,066,684**	836,492
Non-controlling interests		**3,087**	21,867
Total equity		**3,069,771**	858,359

NOTES:

1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Triumph Energy Group Limited, a company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements of the Group for the year ended 31 December 2018 comprise the Company and its subsidiaries (together the "Group"). The Company is an investment holding company. The principal activities of the Group are (1) the trading of natural resources and petrochemicals; (2) mineral mining, oil and gas exploration and production, (3) the provision of financial services and (4) property investment. During the year ended 31 December 2017, the operation of mineral mining in the PRC was discontinued (See note 11).

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and most of its subsidiaries.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

The consolidated financial statements have been prepared under historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

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

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

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

3.1 HKFRS 9 Financial Instruments

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

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.1 HKFRS 9 Financial Instruments (Continued)

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

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

Accounting policy resulting from application of HKFRS 9 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 9

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Reclassification	Remeasurement	Carrying amount as at 1 January 2018 under HKAS 39	Carrying amount as at 1 January 2018 under HKFRS 9
					HK$'000	*HK$'000*
Listed equity investment *(Note 1)*	Available-for-sale at fair value	FVTOCI	–	–	1,401	1,401
Statutory deposits	Loans and receivables	Amortised cost	–	–	4,057	4,057
Loans receivable *(Note 2)*	Loans and receivables	Amortised cost	–	(53)	23,455	23,402
Accounts receivable *(Note 2)*	Loans and receivables	Amortised cost	–	930	128,694	129,624
Other receivables and deposits	Loans and receivables	Amortised cost	–	–	7,722	7,722
Pledged fixed deposits (general accounts)	Loans and receivables	Amortised cost	–	–	5,239	5,239
Bank balance (trust and segregated accounts)	Loans and receivables	Amortised cost	–	–	163,219	163,219
Bank balances (general accounts) and cash	Loans and receivables	Amortised cost	–	–	164,679	164,679

Note 1: The Group had designated certain investments in equity securities (that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination) as at FVTOCI as at the date of initial application of HKFRS 9 (i.e. 1 January 2018) based on the specific transitional provision set out in HKFRS 9.

Note 2: The amount represented additional/reversal on the new expected credit loss model under HKFRS 9.

3. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)**

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.1 HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

The measurement categories for all financial liabilities remain the same for the Company, the carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	**Available-for-sales securities**	**Financial assets at FVTOCI required by HKFRS 9**	**Accounts receivable** *HK$'000*	**Loans receivable** *HK$'000*	**Accumulated loss** *HK$'000*
Closing balance at 31 December 2017 – HKAS 39		1,401	–	128,694	23,455	(442,459)
Effect arising from initial application of HKFRS 9:						
Reclassification from available-for-sale securities	(a)	(1,401)	1,401	–	–	–
Remeasurement of loss allowance under ECL model	(b)	–	–	930	(53)	877
Opening Balance at 1 January 2018		–	1,401	129,624	23,402	(441,582)

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.1 HKFRS 9 Financial Instruments (Continued)

Notes:

(a) *Available-for-sale ("AFS") investments*

From AFS equity investment to fair value through other comprehensive income ("FVTOCI")

The Group elected to present in OCI for the fair value changes of all its equity investments previously classified as available-for-sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately of HK$1,401,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which approximately of HK$1,401,000 related to quoted equity investments previously measured at FVTOC under HKAS 39. The fair value losses of HK$101,000 relating to those investments previously carried at fair value continued to accumulate in FVTOCI reserve.

(b) *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for accounts receivables.

ECL for other financial assets at amortised cost, including, loans receivable, statutory deposit, other receivables and deposit, pledged fixed deposit, bank balance (trust and segregated accounts), bank balance (general accounts) and cash are assessed on 12m ECL basis. Expect for loans receivable, there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, reversal of credit loss allowance of approximately HK$877,000 has been recognised against accumulated losses. The reversal of loss allowance is charged against the respective accounts receivable and loans receivable.

3. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)**

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.2 HKFRS 15 Revenue from Contracts with Customers

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

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

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

- Sales of electronic products
- Rental income
- Commission and brokerage income
- Interest income arising from financial business
- Advisory and consultancy fee

Summary of effects arising from initial application of HKFRS 15

There is no impact of transition to HKFRS 15 on retained earnings at 1 January 2018.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

3.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the entity's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited)	HKFRS 9	1 January 2018 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Available-for-sale securities	1,098	(1,098)	–
Investment in equity instrument at FVTOCI	–	1,098	1,098
Current assets			
Accounts receivable	128,694	930	129,624
Loans receivable	1,480	(53)	1,427

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

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first annual period beginning on or after 1 January 2020.

4 Effective for annual period beginning on or after a date to be determined.

5 Effective for annual periods beginning on or after 1 January 2020.

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

3. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)**

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale.

HKFRS 16 also includes requirements relating to subleases and lease modifications. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as operating cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments approximately of HK$3,137,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid approximately of HK$1,347,000 and refundable rental deposits received approximately of HK$285,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

4. REVENUE

	2018	2017
	HK$'000	*HK$'000*
		(Note)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:		
Trading Business:		
Sales of natural resources and petrochemicals	**–**	47,704
Sales of electronic products	**896,098**	–
Financial Business:		
Commission and brokerage income	**13,703**	15,160
Advisory and consultancy fee	**1,220**	1,881
	911,021	64,745
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	**9,173**	8,460
Property investment:		
Rental income	**22,281**	23,860
	31,454	32,320
	942,475	97,065
At a point in time	**910,471**	–
Over time	**550**	–
	911,021	–

Note: The Group has applied HKFRS 15 using the cumulative effect transition method, the comparative information is not restated and was measured and presented in accordance with HKAS 18.

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest income from bank	**29**	–
Sundry income	**232**	415
Handling charge income	**1,464**	1,712
Dividend income	**86**	144
	1,811	2,271

6. OTHER GAINS OR LOSSES

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Loss of early redemption of convertible bonds	**(267)**	–
Net exchange gain	**5,003**	19
Fair value change on convertible bonds	**3,655**	–
	8,391	19

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the nature of the products provided and services rendered.

During the year ended 31 December 2018, the Group is currently organised into the four operation and reportable segments – (1) trading business, (2) mineral mining, oil and gas business (3) financial business and (4) property investment. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to segments and to access their performance.

Trading business	–	sales of electronic products and natural resources and petrochemical
Mineral mining, oil and gas business	–	exploration and production of mineral, oil and gas
Financial business	–	provision of financial service, including stockbroking, futures and options broking, mutual funds, insurance-linked investment plans and provision of corporate financial services and immigration consultancy services, and securities margin financing
Property investment	–	rental income

An operating segment regarding the mineral mining in the PRC was discontinued in the current year. The segment information reported on the following does not include any amounts for these discontinued operation, which are described in more detail in note 11.

7. **SEGMENT INFORMATION (Continued)**

Segment revenues and results

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

For the year ended 31 December 2018

	Trading business *HK$'000*	**Mineral mining, oil and gas business** *HK$'000*	**Financial business** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
Segment revenue	**896,098**	**–**	**24,096**	**22,281**	**942,475**
RESULTS					
Segment profit/(loss)	**6,556**	**(2,105)**	**(4,355)**	**294,427**	**294,523**
Corporate administration costs					**(44,611)**
Loss on redemption of convertible bonds					**(266)**
Fair value change of convertible bonds					**3,655**
Loss on disposal of subsidiaries					**(20,502)**
Profit before taxation from continuing operations					**232,799**

For the year ended 31 December 2017

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
REVENUE					
Segment revenue	47,705	–	25,501	23,859	97,065
RESULTS					
Segment profit/(loss)	265	(5,392)	36	151,288	146,197
Corporate administration costs					(51,719)
Profit before taxation from continuing operations					94,478

7. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the financial results by each segment without allocation of corporate administration costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

At 31 December 2018

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	**195,153**	**6**	**257,055**	**3,557,883**	**4,010,097**
Unallocated assets					**23,319**
Consolidated total assets					**4,033,416**
LIABILITIES					
Segment liabilities	**189,224**	**591**	**202,233**	**94,792**	**486,840**
Unallocated liabilities					**476,805**
Consolidated total liabilities					**963,645**

7. **SEGMENT INFORMATION (Continued)**

Segment assets and liabilities (Continued)

At 31 December 2017

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	705	1,405	334,088	745,363	1,081,561
Unallocated assets					255,588
Assets relating to the discontinued operations					318,821
Consolidated total assets					1,655,970
LIABILITIES					
Segment liabilities	24	753	276,258	65,304	342,339
Unallocated liabilities					321,869
Liabilities relating to the discontinued operations					133,403
Consolidated total liabilities					797,611

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

– all assets are allocated to operating segments other than bank balances and cash for administrative purpose and other assets including other receivables, prepayments and deposits of head office.

– all liabilities are allocated to operating segments, other payables and accrued expenses in relation to corporate administration costs.

7. SEGMENT INFORMATION (Continued)

Other segment information

	Trading business *HK$'000*	**Mineral mining, oil and gas business** *HK$'000*	**Financial business** *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*	**Unallocated** *HK$'000*	**Consolidated** *HK$'000*
Continuing operation							
For the year ended 31 December 2018							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions to fixed assets	**42**	**–**	**7**	**1,039**	**1,088**	**–**	**1,088**
Amortisation	**–**	**1,401**	**–**	**–**	**1,401**	**–**	**1,401**
Depreciation	**4**	**–**	**316**	**4,390**	**4,710**	**261**	**4,971**
Finance costs	**–**	**–**	**4,976**	**–**	**4,976**	**25,240**	**30,216**
Interest income	**17**	**–**	**9,174**	**12**	**9,203**	**–**	**9,203**
(Reversal)/Addition of loss allowance	**629**	**–**	**(37)**	**–**	**592**	**–**	**592**

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Continuing operation							
For the year ended 31 December 2017							
Amounts included in the measure of segment profit (loss) or segment assets:							
Additions to fixed assets	–	–	–	18	18	13	31
Impairment loss on exploration and evaluation assets	–	2,886	–	–	2,886	–	2,886
Amortisation	–	2,403	–	–	2,403	–	2,403
Depreciation	–	–	285	4,396	4,681	452	5,133
Reversal of allowance for bad and doubtful debts	–	–	(2,515)	–	(2,515)	–	(2,515)
Finance costs	–	–	5,133	–	5,133	5,398	10,531
Interest income	–	–	(8,460)	–	(8,460)	–	(8,460)

7. SEGMENT INFORMATION (Continued)

Geographical information

All of the activities of trading business are based in China. The activities of mineral mining is based in Kenya, while oil and gas business are based in Tunisia and Madagascar. All of the activities of the financial business are based in Hong Kong.

The Group's revenue from continuing operations and its non-current assets, other than deposit paid for acquisition of a subsidiary, financial assets at FVTOCI, available-for-sales securities, statutory deposits and loans receivables, by geographical location of the assets regarding its operations are detailed below:

	Revenue		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**24,096**	25,501	**756**	1,326
Kenya	**–**	–	**–**	1,401
PRC	**916,330**	69,815	**1,577,583**	598,186
Madagascar	**2,049**	1,749	**114,856**	119,211
	942,475	97,065	**1,693,195**	720,124

Information about major customer

Revenue from customers of the year from continuing operations ended 31 December 2018 and 2017 contributing over 10% of the total revenue of the Group are generated from mining business as follow:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**–**	47,705(1)
Customer B	**N/A**(3)	15,455(2)
Customer C	**807,662**(1)	–

There is no other single customer contributing over 10% of total revenue from continuing operations of the Group for the years ended 31 December 2018 and 2017.

1 *Revenue from trading business*

2 *Revenue from property investment*

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

8. IMPAIRMENT LOSS OF FINANCIAL ASSETS AT AMORTISED COST

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Accounts receivable arising from:		
– cash clients	**(6)**	2,509
– margin clients	**31**	6
– trading natural resource and petrochemical	**(629)**	–
Loans receivable	**12**	–
	(592)	2,515

9. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings wholly repayable within five years:		
Corporate bonds	**1,718**	856
Borrowing	**25,014**	4,791
Amounts due to directors	**3,484**	4,884
	30,216	10,531

10. TAXATION

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Current tax – enterprise income tax provision for the year	**1,835**	12
Deferred tax – origination and reversal of temporary difference	**71,830**	31,884
	73,665	31,896

10. TAXATION (Continued)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2018 and 2017 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for both years.

11. PROFIT FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,350**	1,265
Amortisation	**1,401**	2,403
Depreciation	**4,971**	5,133
Staff cost, including Directors' remuneration	**32,705**	28,691
Contributions to retirement benefits scheme (included in staff costs)	**726**	692
Cost of inventories recognised as expense	**887,269**	47,276
Loss from error trades	**2**	17
Interest income on bank deposits (included in other income)	**(29)**	(28)
Operating lease in respect of office premises	**5,868**	5,748

12. DISCONTINUED OPERATIONS

During the year ended 31 December 2017, the directors resolved to dispose of the Group's operation in mineral mining operation in the PRC. Negotiations with several interested parties have subsequently taken place. The asset and liabilities attributable to the business, which are expected to be sold within twelve months, have been classified as a disposal group held for sales and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised. The disposal was completed on 24 July 2018, on which date loss control, passed to the acquired.

The loss for the period/year from the discontinued mineral mining operation in the PRC is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the mineral mining operation in the PRC as a discontinued operation.

	Period ended 24 July 2018	Year ended 31 December 2017
	HK$'000	*HK$'000*
Revenue	**–**	–
Cost of sales	**–**	–
Gross profit	**–**	–
Other income	**–**	12,573
Other gain or loss	**–**	1,772
Selling and distribution expenses	**–**	(1,263)
Administrative expenses	**(403)**	(112,889)
Loss from operation	**(403)**	(99,807)
Finance cost	**–**	(3)
Loss before taxation	**(403)**	(99,810)
Taxation	**–**	(269)
Loss for the year	**(403)**	(100,079)
Loss for the year from discontinued operations including the following:		
Depreciation	**–**	24
Amortisation	**–**	174
Interest income	**–**	(9)

13. EARNINGS PER SHARE

From continuing operations

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

	2018	2017
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	**180,887**	61,976
Effect of dilutive potential ordinary shares:		
– Loss of redemption of convertible bonds	**(267)**	–
– Fair value change on convertible bonds	**3,655**	–
Profits for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	**184,275**	61,976

	Number of shares	
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**3,516,367**	2,521,280
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**377,739**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**3,894,106**	2,521,280

13. EARNINGS PER SHARE (Continued)

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2018	2017
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company of the purpose of calculating basic earnings per share	**159,982**	11,664
Effect of dilutive potential ordinary shares:		
– Loss of redemption of convertible bonds	**(267)**	–
– Fair value change on convertible bonds	**3,655**	–
Profit for the year attributable to owners of the Company for the purposes of calculating diluted earning per share	**163,370**	11,664

	2018	2017
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per shares	**3,516,367**	2,521,280
Effect of dilutive potential ordinary shares:		
Convertible bonds	**377,739**	–
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,894,106**	2,521,280

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK$0.0001 and HK$0.0001 per share (2017: HK$0.0200 and HK$0.0200 per share) respectively, based on the loss for the year from the discontinued operation of approximately HK$403,000 (2017: HK$50,312,000) and the denominators detailed above for both basic and diluted loss per share.

14. DIVIDEND

The Directors do not recommend the payment of a final dividend for both years.

15. ACCOUNTS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products	**179,912**	–
Accounts receivable arising from business of trading natural resource and petrochemical	**629**	629
Less: Loss allowance for ECL	**(629)**	–
	–	629
Accounts receivable arising from business of properties investment	**10,031**	24,605
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	**10,674**	15,841
Less: Loss allowance for ECL	**(6)**	(941)
	10,668	14,900
– Hong Kong Securities Clearing Company Limited ("HKSCC")	**2,614**	2,811
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**1,844**	1,390
Loans to securities margin clients	**68,646**	84,410
Less: Loss allowance for ECL	**(32)**	(57)
	68,614	84,353
Accounts receivable arising from the business of advisory for financial management	**6**	6
	273,689	128,694

15. ACCOUNTS RECEIVABLE (Continued)

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from the business of trading natural resources and petrochemical aged within 90 days.

Accounts receivable from the business of trading electronic products

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products is 90 days. The aged analysis of accounts receivable arising from trading of electronic products is as follow:

	2018	2017
	HK$'000	*HK$'000*
0-90 days	**148,003**	–
91-180 days	**31,909**	–
	179,912	–

Accounts receivable from the investment property business

The average credit period for accounts receivable from investment property business is 30 days. The aged analysis of accounts receivable arising from investment property business is as follow:

	2018	2017
	HK$'000	*HK$'000*
0-90 days	**3,105**	4,157
91-180 days	**4,280**	5,959
181-270 days	**2,646**	5,664
271-365 days	**–**	5,228
Over 365 days	**–**	3,597
	10,031	24,605

Accounts receivable from cash client, HKSCC, HKFECC

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

15. ACCOUNTS RECEIVABLE (Continued)

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

Loans to securities margin clients are repayable on demand and bear interest at Hong Kong Prime Rate quoted by OCBC Wing Hang Bank Limited plus 3% equivalent to 8.25% per annum for both years. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value. The loans are secured by pledged marketable securities at fair value of approximately HK$196,132,000 (2017: HK$326,921,000). The average percentage of collateral over the outstanding balance as at 31 December 2018 is ranged from 100% to 6,465% (2017: 118% to 6,828%). The fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans. The Group is permitted to sell or repledge the marketable securities if the customer default the payment as requested by the Group. The Group had provided the loss allowance for securities margin clients with reference to the portfolio held and the subsequent settlement of each customer.

Accounts receivable from the business of advisory for financial management clients

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from the business of advisory for financial management clients is as follow:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**–**	6
More than 90 days	**6**	–
	6	6

15. ACCOUNTS RECEIVABLE (Continued)

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

Accounts receivable from cash clients

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**9,050**	14,646
91 – 180 days	**1,618**	254
	10,668	14,900

The accounts receivable from cash clients with a carrying amount of approximately HK$3,249,000 (2017: HK$3,659,000) are past due but not impaired at the end of the reporting period. The average age of the amount past due but not impaired is within 30 days (2017: within 30 days). In the opinion of the Directors, no significant accounts receivable from advisory for financial management clients and cash clients are impaired at 31 December 2018 and 2017 with reference to the subsequent settlement received after the end of the reporting period.

Movement in the loss allowance of cash clients

	2018	2017
	HK$'000	*HK$'000*
Balance at beginning of the year	**941**	4,296
Adoption of HKFRS 9	**(936)**	–
Impact on adoption of HKFRS 9	**5**	4,296
Additional/(Reversal) for the year	**6**	(3,354)
Amounts written off as uncollectible	**(5)**	(1)
Balance at end of the year	**6**	941

15. ACCOUNTS RECEIVABLE (Continued)

Movement in the loss allowance of securities margin clients

	2018	2017
	HK$'000	*HK$'000*
Balance at beginning of the year	**57**	63
Adoption of HKFRS 9	**6**	–
Impact on adoption of HKFRS 9	**63**	63
(Reversal)/Additional for the year	**(31)**	5
Amounts recovered during the year	**–**	(11)
Balance at end of the year	**32**	57

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, there is no further credit provision required in excess of existing loss allowance.

Movement in the loss allowance of the business of trading natural resources and petrochemical

	2018	2017
	HK$'000	*HK$'000*
Balance as beginning of the year	**–**	–
Additional for the year	**629**	–
Balance at end of the year	**629**	–

16. ACCOUNTS PAYABLE

	2018	2017
	HK$'000	*HK$'000*
Accounts payable from trading of electronic products	**186,705**	–
Accounts payable from properties investment	**6,636**	33
Accounts payable arising from the business of dealing in securities:		
– Cash clients	**95,250**	159,252
– HKSCC	**1,116**	3,403
Accounts payable to clients arising from the business of dealing in futures contracts	**2,968**	2,543
Amounts due to securities margin clients	**10,847**	12,280
Accounts payable arising from the business of advisory for financial management	**2**	3
	303,524	177,514

The settlement term of accounts payable to cash clients and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to approximately HK$104,231,000 (2017: HK$163,219,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

16. ACCOUNTS PAYABLE (Continued)

Accounts payable from trading of electronic products

The aged analysis of amounts payable from trading of electronic products presented based on the receive date is as follow:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**186,217**	–
90 – 180 days	**488**	–
	186,705	–

Accounts payable from properties investment

The aged analysis of accounts payable from properties investment is a follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 90 days	**206**	33
90 – 180 days	**6,430**	–
	6,636	33

17. SHARE CAPITAL

	Number of shares	
	'000	*HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
At 31 December 2017 and 2018	10,000,000	1,000,000
Issued and fully paid:		
At 1 January 2017, 31 December 2017 and 1 January 2018	2,521,280	252,128
Conversion of convertible bonds *(Note)*	1,478,720	147,872
At 31 December 2018	4,000,000	400,000

Note:

On 9 April 2018, 30 April 2018 and 9 May 2018, the bondholder of the CB have converted the CB with the aggregate principal amount approximately of RMB112,495,000, RMB423,558,000 and RMB299,970,000 respectively at conversion price of HK$0.7 per share into 200,000,000, 750,000,000 and 528,719,115 ordinary shares of the Company respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2018, the Group's revenue of continuing operation amounted to approximately HK$942,475,000, compared to approximately HK$97,065,000 for 2017, representing a substantial increase of approximately HK$845,410,000. The increase was mainly attributable to the sales of electronic products during the year.

The profit attributable to the owners of the Company substantially increased to HK$160 million, an increase of HK$148 million from the profit of HK$11,664,000 recorded for the year ended 31 December 2018. The increase was primarily due to the increase of the fair value of investment properties of HK$289 million (2017: HK$130 million).

BUSINESS REVIEW & PROSPECT

Investment property

Zhanjiang

On 28 February 2018, the Group completed the acquisition of the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited, the major assets of which were the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the PRC with total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively (the "Zhanjiang project"). The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces).

According to the valuation report issued by a recognized valuer at the end of the year, the lands were valued at approximately RMB3.1 billion, the portion of lands at approximately RMB2.4 billion will be used for residential purpose which are classified as inventories and another portion of lands at approximately RMB0.7 billion will be used for commercial building development purpose which are classified as investment properties in the statement of financial position as at 31 December 2018. Therefore, the fair value gain of approximately RMB244 million of the investment properties were recognised in the statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

In February 2019, the Group entered into a construction agreement with Shenzhen Zhong Wan Construction Company Limited（深圳中灣建築工程有限公司）(the "Contractor"), pursuant to which the Contractor agreed to begin construction and already began in March 2019. With the commencement of the construction, the Group expects the Zhanjiang Project will reach the conditions for sale in the near future. While generating substantial profits by selling residential units, the Group will retain approximately 227,000 square meters of commercial properties and over 10,700 parking spaces for rental purposes. Such move will bring stable income to the Group and create favorable conditions for the Group to distribute dividends in the future.

With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are demands for quality residential property. Moreover, in July 2018, under the joint witness of Chinese and German leaders, BASF and Guangdong Province signed a non-binding memorandum of understanding on cooperation. BASF plans to build an integrated, fine chemical industry base in Zhanjiang, Guangdong Province, China, with a total investment of US$10 billion. BASF's chemical industry base plan has a very positive impact on the Group's property development project in Zhanjiang.

The Lands are located at the central business district of Donghai Dao, being a part of Zhanjiang Economic and Technological Development Zone ("ZETDZ") established in 1984 with the approval of the State Council and combined with Zhanjiang Donghai Dao Economic Development Test Zone in 2009 with a total area of 469 square kilometer. ZETDZ comprises three zones, including the established zone located in the center of Zhanjiang City and the industrial zone and the tourist zone of Donghai Dao. According to "Zhanjiang City Master Plan (2011-2020)" approved by the State Council in June 2017, Donghai Dao is one of the seven key strategic development areas of Zhanjiang City. Donghai Dao is aiming to develop into a modern city favourable for industrial, commercial as well as residential with six major functional areas, namely steel industry zone, petrochemical zone, hi-tech industrial zone, modern manufacturing zone, central business district and tourism and leisure zone. Central business district, being one of the major functional areas, is located at the center of Donghai Dao and an aggregate of 500 acres of land of which has been planned for hotel, residential and commercial integrated projects. With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are demands for quality residential property.

Beijing

The rental income of leasing the property covers an area of approximately 16,300 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC.

These rental incomes have consolidated into the Group's revenue since the end of 2016. The tenant has agreed to lease the entire area of the Property for a period of two years commencing from 15 June 2016 and ending on 15 June 2018. The tenant and the Group has agreed to extend the lease agreement to lease the entire area of the Property for a period of one more year commencing from 16 June 2018 and ending on 15 June 2019.

In addition, pursuant to another lease agreement on advertising signage board on the external walls of office building, the lease of the advertising signage board provided the additional rental income for a two-year period expiring on 15 July 2018.

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio.

The performance for the year of 2018 reported loss as the investors tended to sideline in the prevailing poor performance of the stock market especially in the second half after great fluctuations in the first half. The equity market suffered desperate sell-off due to the continued interest hikes and balance sheet reduction of FED, the escalating Sino-America trade tension and tightening control of foreign exchange flow of Chinese government. The subsequent sharp correction of leading overseas markets caused to turn sentiment to bearish rapidly. Furthermore, the small counters fell into collapse due to the outbreak of various financial scandal rumours and the stringent margin control policy of securities firm by the request of Securities And Futures Commission. Hang Seng Index dropped from the year high of 33,484 to close at 25,845 near the year low at the end of 2018 with daily turnover sliding almost half to below 100 billion.

2019 started with a bullish note and looks more positive as those negative market conditions of 2018 signaled a favourable reverse. MSCI's announcement that it's quadrupling the weighting of Chinese yuan-denominated mainland stocks (A-shares) in its indexes from 5% to 20% is likely to drive more money into the market and had fueled up the market thereafter. In fact, Hang Seng Index already rebounded by more than 10% on daily turnover comfortably above 100 billions. A share market alone rose 15% for the first quarter.

Trading Business

During the year, a company named Shenzhen Qianhai Jiameijing Industrial Company Limited (深圳市前海嘉美靜實業有限公司) was established in Shenzhen, the PRC, which principally engages in the business of trading, importing and exporting of electronic products. The group owns 60% interest in Shenzhen Qianhai Jiameijing Industrial Company Limited. The trading business recorded revenue of approximately HK$896 million (2017: Nil)

Oil and gas and mineral mining business

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341. Both Licence 253 and 341 are still valid and the expiry dates are 19 May 2020 and 2 January 2020 respectively.

Mining and production of zeolite business

Hebei Panbao Zeolite Technology Co., Ltd ("Hebei Panbao") is a limited liability company established under the laws of the PRC. Its principal activities are mining and production of zeolite.

Since April 2017, under the inefficient supervision of the management, Hebei Panbao reported unsatisfactory performance as it did not make any revenue contribution and incurred significant loss for the year ended 31 December 2017. In view of the uncertain prospect of Hebei Panbao, the Directors decided to dispose Hebei Panban for HK$160,000,000. The disposal was completed on 24 July 2018.

MATERIAL ACQUISITION OR DISPOSAL

On 28 February 2018, the Group completed a very substantial acquisition to acquire the entire issued share capital of New Guangdong Merchants Investment Holding Group Limited. Details please refer the Business review section.

PROSPECT

Building on the acquisition, expansion and disposal completed lately, the Group will continue to expand its business into property development and investment alongside its existing trading, energy-related and financial services businesses. Especially, the new property development and investment business in Zhanjiang has already, with an immediate effect, contributed substantially to the profitability of the Group by way of value appreciation before the development has even been carried out. It will be the major growth factor of the Group in the years to come. Furthermore, while generating substantial profits by selling residential units, the Group will retain commercial properties and parking spaces for rental purposes. Such move will bring stable and long-term income to the Group and create favorable conditions for the Group to distribute dividends in the future. The Group's enlarging and strengthening financial operation and property investment business will benefit the Company's future business development beyond the energy-related sector and is in the best interests of the Company and the Shareholders as a whole.

FINANCIAL REVIEW

Revenue

During the financial year, the total revenue for the Group of continuing operation was approximately HK$942,475,000, representing an increase of approximately HK$845,410,000 as compared with HK97,065,000 in 2017. This was mainly due to the sale of electronic products during the year.

Administration expenses

Administrative expenses decreased to approximately HK$65,674,000 in 2018 from approximately HK$$71,570,000 in 2017, representing a year-on-year decreased of 8.2%. It was because the disposal of Hebei Panbao's operation during the year and lesser administrative cost incurred from trading business.

EVENTS AFTER REPORTING DATE

With effect from 25 February 2019, Mr. Chan Tsang Mo has been appointed as an Independent non-executive Director of the Company and Mr. Chen Wei-Ming Eric has tendered his resignation as an independent non-executive Director of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2018, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK$41,155,000 (2017: approximately HK$164,679,000).

The net current assets of the Group (without the disposal group held for sale) were HK$1.84 billion (31 December 2017: HK$170,272,000), which consisted of current assets of HK$2.3 billion (31 December 2017: HK$471,138,000) and current liabilities of HK$483,297,000 (31 December 2017: HK$300,866,000), representing a current ratio of 4.76 (31 December 2017: 1.57).

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 31 December 2018, the Group's other borrowings and corporate bonds amounted to approximately HK$340,090,000 (31 December 2017: 330,317,000).

The gearing ratio of the Group as at 31 December 2018 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.11 (31 December 2017: 0.38).

CORPORATE BONDS

In 2017, the Group has issued the Corporate Bonds in an aggregate principal amount of HK$21 million bearing interest rate of 7% per annum with maturity between 2021 to 2025. Such bonds are subsequently measured at amortised cost using effective interest method. Imputed interest of approximately HK$1,718,000 was recognised in the profit or loss during the year (2017: 856,000). The issuance of the Corporate Bonds will not result in any dilution on the shareholding of the existing shareholders of the Group. No corporate bonds were newly issued during the year.

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

FINANCE COSTS

The Group's finance costs consisted mainly of interest expenses on corporate bonds, term loan and other borrowings. The aggregate amount of interest incurred was approximately HK$30,216,000 (2017: approximately HK$10,531,000) for the year.

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2018, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2017: nil).

CHARGE ON ASSETS

As at 31 December 2018, the term loan of HKD250 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited (廣東凱富偉業投資管理有限公司); (ii) the personal guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited (北京盈和房地產綜合開發有限公司) respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

On the other hand, the Group held banking facilities from various banks as at 31 December 2018. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 31 December 2018, bank deposits amounting to approximately HK$5,251,000 (31 December 2017: HK$5,239,000) were pledged to secure banking facilities granted to a subsidiary.

CHANGE OF COMPANY NAMES AND STOCK SHORT NAMES

On 29 March 2018, a special resolution in relation to the Change of Company Name was proposed and duly passed at the special general meeting of the Company to approve the change of the English name of the Company from "Hoifu Energy Group Limited" to ""Hong Kong Finance Investment Holding Group Limited" and the Chinese secondary name of the Company has been changed from "凱富能源集團有限公司" to "香港金融投資控股集團有限公司". The stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from ""HOIFU ENERGY" to "HK FINANCE INV" in English and from "凱富能源" to "香港金融集團" in Chinese with effect on 6 June 2018. The stock code of the Company remains unchanged as "7". The website address of the Company will be changed from "www.hoifuenergy.com" to "www.hkfihg.com" with effect from 6 June 2018. Please refer to the announcements of the Company dated 13 February 2018, 29 March 2018 and 1 June 2018 and the circular dated 1 March 2018 relating to the change of company names and stock short names.

PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Company obtained a term loan facility in an aggregate amount of HK$250,000,000 for a term of 36 months in 2017. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the lender may cancel the facility.

HUMAN RESOURCES

As at 31 December 2018, continuing operation of the Group employed a total of 153 staff (2017: 138) of which 20 were commission based (2017: 20) and the total related staff cost amounted to HK$33,431,000 (2017: HK$29,383,000). The Group's long-term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

CAPITAL STRUCTURE

On 9 April 2018, 30 April 2018 and 9 May 2018, the convertible bonds have been converted into shares with the aggregate principal amount approximately of RMB112,495,000, RMB423,558,000 and RMB299,970,000 respectively at conversion price of HK$0.7 per share into 200,000,000, 750,000,000 and 528,719,115 ordinary shares of the Company respectively.

As at 31 December 2018, the total number of issued ordinary shares of the Company was 4,000,000,000 of HK$0.10 each (31 December 2017: 2,521,280,885 shares of HK$0.10 each).

CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 11 June 2018, Mr. Ngan Kam Biu, Stanford has been appointed as an Independent non-executive Director of the Company and Mr. Kwan Wang Wai, Alan has tendered his resignation as an independent non-executive Director of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the financial year.

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDIT COMMITTEE AND AUDITOR

The Audit Committee has reviewed with the management of the Company and the Group's auditor, Elite Partners CPA Limited, the accounting principles and policies adopted by the Group, and discussed the financial information of the Group and the annual results announcement of the Company for the Year.

FINAL DIVIDEND

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

PUBLICATION OF 2018 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2018 annual results announcement is published on the website of the Company at www. hkfihg.com under the section "Announcement" of Corporate Information and Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk "Latest Listed Company Information". The 2018 annual report will be dispatched to shareholders of the Company and available on the above websites in due course.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 1 April 2018 pending the publication of the 2018 Annual Results. As the 2018 Annual Results have been published, the Company has made an application to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 8 April 2019.

By Order of the Board
Hong Kong Finance Investment Holding Group Limited
Dr. Hui Chi Ming, *G.B.S., J.P.*
Chairman

Hong Kong, 8 April 2019

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Xu Jun Jia, Mr. Cao Yu, Mr. Ren Qian, Mr. Lam Kwok Hing, M.H., J.P., and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chan Tsang Mo, Mr. Ngan Kam Biu, Stanford, Mr. Ng Chi Kin, David and Mr. Yim Kai Pung.