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中國融保金融集團有限公司
China Assurance Finance Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of China Assurance Finance Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

SUMMARY

For the year ended 31 December 2017:

- revenue of the Group was approximately RMB16.35 million, representing a significant decrease as compared to 2016, which was mainly attributable to, amongst others, a significant decline in the revenue from provision of online trading platform services comparing to 2016. The main reason is that the Group is affected by the rectification actions taken by the China Securities Regulatory Commission (the "**CSRC**") on all the commodity exchange venues in China during the current year. Before the completion of the rectification actions taken on commodity exchange venues in China, the Group will make every effort to commence its commodity exchange business in the countries of The Association of Southeast Asian Nations ("**ASEAN**");

- total administrative and operating expenses was amounted to approximately RMB381.05 million, representing a significant increase as compared to 2016. It was due to the provision for impairment on intangible assets, interests in associates, available-for-sale investments, amounts due from related parties and goodwill amounted to approximately RMB181.41 million (2016: nil) in total. Also, write-off of property, plant and equipment, prepayments, accounts receivable and other receivables amounted to RMB68.24 million was recognised for the current year (2016: nil). Such impairment losses and write-off are mainly related to the assets owned by Beijing Jin Dian Pai Technology Limited ("**JDP**") and its subsidiaries (collectively "**JDP Group**") which are mainly engaged in provision of online trading platform services. During the year, the Group has review its focus of efforts after the rectification actions taken by the CSRC and considered that it should consolidate its manpower, expertise and resources in JDP and Nanning (China-ASEAN) Commodity Exchange Company Limited* (南寧（中國－東盟）商品交易所有限公司) ("**NCCE**") to minimize duplication of efforts. This was in preparation for the revival of businesses in NCCE after the CSRC and Guangxi government mandatory review. This shall allow the Group to focus all its strength in developing the Commodities Exchanges network in ASEAN countries which shall bring in more revenue in due time. As such, the Group made a provision of impairment loss on intangible assets, interests in associates and available-for-sale investment and write-off of certain property, plant and equipment and other receivables of JDP Group in the consolidated financial statements for the current year. Total amount of impairment losses and write-off of JDP Group's assets was approximately RMB129.83 million in total.

- Other major expenses were amortisation of intangible assets, mainly included business licence and business agreements and finance costs amounted to approximately RMB60.62 million (2016: approximately RMB59.89 million) and RMB43.41 million (2016: approximately RMB38.54 million) respectively. Generally, other types of administrative and operating expenses decreased as compare to 2016 due to the cost-saving measures adapted by the Group during the current year;

- loss attributable to owners of the Company was approximately RMB222.65 million, which was mainly due to (i) the absence of gain on bargain purchase arising from the acquisition through the capital injection in NCCE, (ii) a significant decline in the revenue from online trading platform services comparing to the corresponding period in 2016 and (iii) recognition of impairment losses write-off of assets as mentioned above;

- the Board does not recommend payment of a final dividend for the year ended 31 December 2017; and

- For the rectification actions taken by the CSRC, the Group had contemplated and assessed the fluidity of the situation and had taken any suitable remedial and stop gap measures, as necessary. The Group had started in 2017 contemplating Dong Xing Zhong Yong Bao Cross-border Trade Services Limited* (東興中融保邊境貿易交易服務有限公司) ("**DXZYB**"), the subsidiary of the Company, to be a general trading agent and foreign exchange settlement company in Dong Xing, Guangxi, a place adjacent to Vietnam border. Likewise, the Group has re-prioritize its attention to the development of other commodities exchanges in the ASEAN countries. The wholly-owned subsidiary of the Company, PT. Asia Pacific Commodity Market ("**APCM**") will take its advantage of close contact with the global Muslim population and there is a distinct demand on halal food. APCM is making an effort to assume this super connector and conductor role of halal food in the world. Please refer to the section "MANAGEMENT DISCUSSION AND ANALYSIS" of this announcement for more details.

ANNUAL RESULTS

The board of Directors (the "**Board**") hereby announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 together with the comparative figures for the corresponding period in 2016 presented in Renminbi ("**RMB**") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*5*	**16,350**	676,123
Other income	*5*	**21,256**	59,508
Gain on bargain purchase		**—**	254,040
Selling expenses		**(2,501)**	(599,489)
Administrative and operating expenses		**(381,052)**	(229,828)
Finance costs	*7*	**(43,413)**	(38,538)
Equity-settled shared-based payment expenses		**(448)**	(68,136)
Fair value changes in investment properties		**2,405**	19,741
Fair value changes in derivative financial assets		**(3,550)**	(10,314)
Share of losses of associates		**(659)**	(312)
(Loss)/profit before income tax	*6*	**(391,612)**	62,795
Income tax credit	*8*	**46,940**	27,812
(Loss)/profit for the year		**(344,672)**	90,607
Other comprehensive income, net of tax			
Items that will be reclassified to profit or loss subsequently			
Exchange loss on translation of financial statements of foreign operations		**22,379**	(13,805)
Other comprehensive income for the year, net of tax		**22,379**	(13,805)
Total comprehensive income for the year		**(322,293)**	76,802
(Loss)/profit for the year attributable to:			
Owners of the Company		**(222,649)**	116,084
Non-controlling interests		**(122,023)**	(25,477)
		(344,672)	90,607
Total comprehensive income attributable to:			
Owners of the Company		**(200,270)**	102,279
Non-controlling interests		**(122,023)**	(25,477)
		(322,293)	76,802
(Loss)/earnings per share — Basic (RMB cents)	*9*	**(13.11)**	6.90
(Loss)/earnings per share — Diluted (RMB cents)	*9*	**(13.11)**	6.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**26,651**	30,981
Investment properties		**95,480**	132,900
Land use rights		**3,757**	3,946
Intangible assets	*11*	**866,429**	1,050,686
Deposits paid		**—**	23,500
Prepayments		**—**	37,784
Available-for-sale investments		**—**	1,000
Interests in associates		**—**	2,142
Deferred tax assets	*17*	**40**	—
		992,357	1,282,939
Current assets			
Properties held for sale		**—**	1,859
Available-for-sale investments		**—**	600
Accounts and other receivables	*12*	**169,055**	175,494
Amounts due from related parties	*13*	**29,013**	105,535
Derivative financial assets		**10,290**	14,741
Pledged bank deposits		**33,853**	55,120
Restricted bank deposits		**11,750**	19,197
Cash and cash equivalents — held on behalf of customers	*14*	**10,739**	153,486
Cash and cash equivalents — general accounts		**64,434**	15,812
		329,134	541,844
Current liabilities			
Accounts and other payables	*15*	**172,741**	335,095
Other borrowings		**54,189**	53,714
Convertible bonds	*16*	**113,192**	130,156
Finance lease liabilities		**1,270**	855
Current tax liabilities		**11,820**	12,651
		353,212	532,471
Net current (liabilities)/assets		**(24,078)**	9,373
Total assets less current liabilities		**968,279**	1,292,312

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — CONTINUED

As at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
Non-current liabilities			
Other borrowings		**66,598**	73,588
Finance lease liabilities		**1,834**	1,895
Deferred tax liabilities	*17*	**227,083**	276,936
		295,515	352,419
Net assets		**672,764**	939,893
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**14,331**	13,757
Reserves		**412,284**	557,964
		426,615	571,721
Non-controlling interests		**246,149**	368,172
Total equity		**672,764**	939,893

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. CORPORATE INFORMATION

China Assurance Finance Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability on 10 March 2011. The registered office of the Company is the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares have been listed on the GEM ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 6 January 2012.

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the "**Group**" hereafter. In the opinion of the directors of the Company, the ultimate holding company of the Company is Capital Gain Investments Holdings Limited ("**Capital Gain**"), a limited liability company incorporated in the British Virgin Islands ("**BVI**").

The financial statements for the year ended 31 December 2017 were approved by the board of directors on 26 March 2018.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

(b) Basis of measurement and going concern basis

(i) The consolidated financial statements have been prepared under historical cost convention, except that investment properties and derivative financial assets are stated at their fair values. The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

(ii) The Group had incurred a loss for the year of RMB344,672,000 for the year ended 31 December 2017 (2016: profit for the year of RMB90,607,000) and had net current liabilities of RMB24,078,000 (2016: net current assets of RMB9,373,000). In addition, the future liquidity and performance of the Group depends on the successful resumption of the spot trading business of NCCE as assumed by the directors of the Company. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(a) The Group is updating the trading rules and trading systems of the spot trading business of NCCE in accordance with CSRC's requirements, aiming to obtain approval from CSRC to resume the spot trading business of NCCE in 2018; and

(b) The Company has obtained credit facility of RMB66,598,000 (equivalent to HK$80,000,000) from a financial institution after the year end date. The Company intends to apply the credit facility for the general working capital of the Group.

Taking into account of the above, the directors of the Company are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2017. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group will be able to successfully implement its plans and measures as mentioned above. The appropriateness of preparation of the consolidated financial statements on the going concern basis depends on whether the Group would be able to resume its spot trading business of NCCE as assumed by the directors of the Company.

There is material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

3.1 Adoption of new/revised HKFRSs — effective 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 — Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

Amendments to HKAS 12 — Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

3.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Amendments to HKFRS 2 — Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40, Investment Property — Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

HK(IFRIC)–Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, 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. Accordingly, a lessee should recognise 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. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in 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.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, except for HKFRS 9 Financial Instruments, HKFRS 15 Revenue from Contracts with Customers and HKFRS 16 Leases, the Group considers that other new and revised HKFRSs may result in changes in accounting policies but are unlikely to have material impact.

4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— Provision of financial guarantee and consultancy services;

— Provision of software development services; and

— Provision of online trading platform services.

For the disclosure requirements under HKFRS 8, the Group regards the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

Geographical location of customers is based on the location at which the services are provided. All revenue from external customers is mainly sourced from the PRC.

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2017 and 2016.

Reportable segments

Directors assess the performance of each operating segment based on segment result which represents the net of revenue, income, gains, costs and expenditures directly attributable to each operating segment. Central administrative costs are allocated to the operating segment as they are not included in the measure of the segment results that are used by the directors for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reporting segment for the year:

Segment revenue and results

	2017				2016			
	Financial guarantee and consultancy services	**Software development services**	**Online trading platform services**	**Total**	Financial guarantee and consultancy services	Software development services	Online trading platform services	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'0000*	*RMB'000*
Revenue	**10,438**	**674**	**5,238**	**16,350**	14,446	3,550	658,127	676,123
Segment (loss)/profit	**(16,499)**	**(2,134)**	**(244,691)**	**(263,324)**	33,957	(3,133)	189,310	220,134
Corporate income — Others				**773**				2,316
Central administrative and finance costs				**(78,123)**				(53,393)
Fair value changes in derivative financial assets				**(3,550)**				(10,314)
Share option expenses				**(448)**				(68,136)
(Loss)/profit for the year				**(344,672)**				90,607

Segment (loss)/profit represents (loss)/profit earned by each segment without allocation of corporate income, share option expenses, fair value changes in derivative financial assets and central administrative and finance costs. This is the information reported to directors for the purpose of resource allocation and performance assessment.

Segment assets

Reconciliation of reportable segment assets and liabilities are as follows:

	2017	2016
	RMB'000	*RMB'000*
Provision of financial guarantee and consultancy services	**288,419**	345,267
Provision of software development services	**1,225**	11,610
Provision of online trading platform services	**924,975**	1,361,121
Total segment assets	**1,214,619**	1,717,998
Unallocated	**106,872**	106,785
Consolidated assets	**1,321,491**	1,824,783

Segment liabilities

	2017	2016
	RMB'000	*RMB'000*
Provision of financial guarantee and consultancy services	**(81,817)**	(93,790)
Provision of software development services	**(4,161)**	(4,492)
Provision of online trading platform services	**(352,795)**	(541,399)
Total segment liabilities	**(438,773)**	(639,681)
Unallocated	**(209,954)**	(245,209)
Consolidated liabilities	**(648,727)**	(884,890)

Other segment information

Amounts included in the measure of segment (loss)/profit or segment assets:

Year ended 31 December 2017

	Financial guarantee and consultancy services *RMB'000*	**Software development services** *RMB'000*	**Online trading platform services** *RMB'000*	**Total** *RMB'000*
Additions to property, plant and equipment	**1,964**	**25**	**16**	**2,005**
Depreciation of property, plant and equipment	**(2,834)**	**(294)**	**(2,767)**	**(5,895)**
Amortisation of prepaid lease payments	**(189)**	**—**	**—**	**(189)**
Amortisation of intangible assets	**—**	**(502)**	**(60,115)**	**(60,617)**
Interest expenses	**(50)**	**—**	**(1,123)**	**(1,173)**
Written off accounts receivable	**(7,121)**	**—**	**—**	**(7,121)**
Written off other receivables	**(6,578)**	**(2,050)**	**(29,500)**	**(38,128)**
Written off prepayment	**—**	**—**	**(21,311)**	**(21,311)**
Written off property, plant and equipment	**—**	**(1,675)**	**—**	**(1,675)**
Reversal of impairment loss on other receivables	**—**	**—**	**17,185**	**17,185**
Impairment loss on intangible assets	**—**	**—**	**(123,624)**	**(123,624)**
Impairment loss on available-for-sale investments	**—**	**(1,000)**	**(600)**	**(1,600)**
Impairment loss on goodwill	**—**	**—**	**(1,964)**	**(1,964)**
Impairment loss on amounts due from related parties	**—**	**—**	**(52,741)**	**(52,741)**
Gain on disposal of property, plant and equipment	**46**	**—**	**—**	**46**
Gain on disposal of subsidiary	**—**	**197**	**—**	**197**

Year ended 31 December 2016

	Financial guarantee and consultancy services *RMB'000*	Software development services *RMB'000*	Online trading platform services *RMB'000*	Total *RMB'000*
Additions to property, plant and equipment	5,195	7	7,098	12,300
Additions to intangible assets	—	—	960,450	960,450
Depreciation of property, plant and equipment	(2,572)	(214)	(4,412)	(7,198)
Amortisation of prepaid lease payments	(189)	—	—	(189)
Amortisation of intangible assets	—	(413)	(59,476)	(59,889)
Interest expenses	(32)	—	—	(32)
Recovery of doubtful accounts receivable	1,043	—	—	1,043

5. REVENUE AND OTHER INCOME

Revenue which is also the Group's turnover, represents the income from online trading platform services, income from provision of financial guarantee and consultancy services, income from development and sales of computer application software systems and provision of maintenance services. Revenue and other income recognised for the year ended 31 December 2017 and 2016 are as follows:

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Income from online trading platform services		
— handling charges of trading	**5,238**	651,539
— initial listing fees of commodities	**—**	6,588
Income from financial guarantee and consultancy services	**10,438**	14,446
Income from development and sales of computer application software systems and maintenance services	**674**	3,550
	16,350	676,123
Other income		
Bank interest income	**2,814**	10,270
Sales of properties held for sale	**529**	22,450
Government grants and sundry income	**51**	847
Recovery of doubtful accounts receivable	**—**	1,043
Reversal of impairment loss on other receivables	**17,185**	2,500
Membership fee income	**—**	14,648
Management fee income	**—**	7,738
Gain on disposal of property, plant and equipment	**46**	—
Gain on disposal of subsidiary	**197**	—
Rental income	**434**	12
	21,256	59,508

6. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	*RMB'000*
Auditor's remuneration	**1,625**	1,286
Amortisation of land use rights	**189**	189
Amortisation of intangible assets	**60,617**	59,889
Depreciation of property, plant and equipment	**7,355**	8,462
Employee benefit expenses		
(including directors' remuneration)		
Salaries and wages	**15,633**	18,386
Pension scheme contributions		
– Defined contribution plans	**2,244**	2,177
Equity-settled share-based payments	**—**	66,000
	17,877	86,563
Equity-settled share-based payment to eligible persons other than employees and directors	**448**	2,136
(Gain)/losses on disposal of property, plant and equipment	**(46)**	921
Sales of properties held for sale		
— Gain on disposals	**(529)**	(22,450)
— Loss on disposals	**—**	34,891
(Gain)/loss on disposals of properties held for sale	**(529)**	12,441
Gain on disposal of subsidiary	**(197)**	—
Impairment loss on intangible assets	**123,624**	—
Impairment loss on interests in associates	**1,483**	—
Impairment loss on available-for-sale investments	**1,600**	—
Impairment loss on amounts due from related parties	**52,741**	—
Impairment loss on goodwill	**1,964**	—
Loss on disposals of investment properties	**9,205**	3,079
Operating lease charges in respect of properties	**7,355**	9,117
Reversal of impairment loss on accounts receivable	**—**	(1,043)
Reversal of impairment loss on other receivables	**(17,185)**	—
Written off accounts receivable	**7,121**	—
Written off other receivables	**38,128**	—
Written off prepayments	**21,311**	—
Written off property, plant and equipment	**1,675**	—

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interest on other borrowings	**29,020**	24,788
Interest on convertible bonds	**14,254**	13,654
Interest on finance leases	**139**	96
	43,413	38,538

8. INCOME TAX CREDIT

	2017	2016
	RMB'000	*RMB'000*
Current tax — PRC		
— Enterprise Income Tax ("**EIT**")	**2,913**	7,383
— Land Appreciation Tax ("**LAT**")	**—**	9,826
Deferred tax credit	**(49,853)**	(45,021)
	(46,940)	(27,812)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2016: Nil).

EIT arising from the PRC for the year ended 31 December 2017 was calculated at 25% of the estimated assessable profits during the year (2016: 25%).

As at 31 December 2017, the aggregate amount of temporary differences associated with the Group's PRC subsidiaries' undistributed retained earnings, amounting to approximately RMB87,562,000 (2016: RMB88,313,000). No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

Under the Law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. No withholding income tax was recognised during the year as there are no dividends distributed by the PRC subsidiaries within the Group.

The income tax credit for the year can be reconciled to the (loss)/profit before income tax credit in the consolidated statement of comprehensive income as follows:

	2017	2016
	RMB'000	*RMB'000*
(Loss)/profit before income tax	**(391,612)**	62,795
Tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(97,903)**	15,699
Effect of different tax rates of subsidiaries operating in other jurisdictions	**4,703**	11,939
Effect of non-taxable revenue	**(–)**	(89,630)
Effect of non tax-deductible expenses	**46,141**	23,555
Tax effect of tax losses not recognised	**119**	830
Tax effect of LAT	**—**	9,826
Tax effect of temporary difference not recognised	**—**	(31)
Income tax credit	**(46,940)**	(27,812)

No deferred tax asset has been recognised in respect of the unused tax losses amounting to RMB9,772,000 (2016: RMB9,297,000) due to the unpredictability of future profit streams.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	RMB'000	*RMB'000*
(Loss)/profit attributable to the owners of the Company	**(222,649)**	116,084

	2017	2016
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	**1,698,285,000**	1,682,549,000
Effect of dilutive potential ordinary shares:		
— share options	**—**	34,077,000
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	**1,698,285,000**	1,716,626,000

	2017	2016
Basic (loss)/earnings per share (RMB cents)	**(13.11)**	6.90
Diluted (loss)/earnings per share (RMB cents)	**(13.11)**	6.76

Diluted loss per share are the same as basic loss per share for the year ended 31 December 2017 as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect.

The computation of diluted earnings per share for the year ended 31 December 2016 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in earnings per share.

10. DIVIDEND

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

11. INTANGIBLE ASSETS

	Business agreements *RMB'000*	Trade name *RMB'000*	Business license *RMB'000*	Computer trading and clearing system *RMB'000*	Computer software *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2016	154,000	—	—	—	3,800	157,800
Acquired through business combinations	—	77,000	880,000	2,373	—	959,373
Addition	—	—	—	1,077	—	1,077
At 31 December 2016 and 1 January 2017	154,000	77,000	880,000	3,450	3,800	1,118,250
Disposal of subsidiary	—	—	—	—	(20)	(20)
At 31 December 2017	**154,000**	**77,000**	**880,000**	**3,450**	**3,780**	**1,118,230**
Accumulated amortisation and impairment:						
At 1 January 2016	(7,428)	—	—	—	(247)	(7,675)
Charge for the year	(12,782)	(3,698)	(42,258)	(738)	(413)	(59,889)
At 31 December 2016 and 1 January 2017	(20,210)	(3,698)	(42,258)	(738)	(660)	(67,564)
Charge for the year	(12,782)	(3,759)	(42,964)	(610)	(502)	(60,617)
Impairment	(121,008)	—	—	—	(2,616)	(123,624)
Disposal of subsidiary	—	—	—	—	4	4
At 31 December 2017	**(154,000)**	**(7,457)**	**(85,222)**	**(1,348)**	**(3,774)**	**(251,801)**
Net carrying amount:						
At 31 December 2017	**—**	**69,543**	**794,778**	**2,102**	**6**	**866,429**
At 31 December 2016	133,790	73,302	837,742	2,712	3,140	1,050,686

Intangible assets comprised computer application software systems, business agreements, trade name, business license and computer trading and clearing systems.

Computer application software systems and business agreements were acquired through the capital injection to acquire 60% interest in Beijing Jin Dian Pai Technology Limited ("**JDP**"). The estimated useful lives are 3 to 10 years for computer software and 10 to 15 years for business agreements and there are no residual value at the end of the useful lives. Due to the policies imposed by the PRC Government, impairment losses of approximately RMB2,616,000 and RMB121,008,000 have been recognised in administration and operating expenses by the management on computer software and business agreements in 2017 respectively.

Trade name, business license and computer trading and clearing system were acquired through the capital injection to acquire 52.63% interest in NCCE. For the purpose of impairment test on the trade name and business licence which had been allocated to the cash generating unit ("**CGU**") of the online trading platform services segment, the recoverable amounts were evaluated by an independent professional valuer, Deloitte Touché Tohmatsu, by using the Multi-period excess earnings method applied to business licence and Relief from royalty method applied to trade name covering a detailed 5-year budget plan plus an extrapolated cash flow projections, provided by the management, by applying a long term growth rate subsequent to this 5-year plan, with an after-tax discount rate of 30%.

The key assumptions used in the 5-year budget plan plus and extrapolated cash flow projections are:

(i) the estimated useful life of these intangible assets is 20.5 years and there are no residual value at the end of the useful life;

(ii) the weighted average cost of capital structure and risk profile is determined by reference to similar industry in the market;

(iii) cash flows beyond the 5-year period are extrapolated using an estimated 1% growth rate; and

(iv) operating profit margin will be maintained within the range from 52.70% to 56.22% throughout the 5-year budget plan.

The Group management's key assumptions have been determined based on past performance and its expectations for the market's development. The discount rate used is after-tax and reflect a similar risks relating to the relevant business.

The directors of the Company concluded that the CGU demonstrates sufficient cash flows that justify the net carrying amount of these intangible assets and hence no impairment is considered necessary as at 31 December 2017.

12. ACCOUNTS AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Accounts receivable	**18,127**	33,247
Less: Allowances for impairment loss	**—**	(8,457)
	18,127	24,790
Prepayments	**6,579**	15,884
Deposits	**2,223**	2,368
Other receivables	**142,126**	132,452
	169,055	175,494

Accounts receivable represent the financial guarantee and consultancy service fee income receivables and the receivables for development and sales of computer application software systems and maintenance service fee income.

The customers are obliged to settle the amounts according to the payment terms as stipulated in the contracts, with a grace period of up to 180 days (2016: 180 days). The balances as at reporting dates are interest-free and due from a large number of diversified customers and hence there was no significant concentration of credit risk.

The directors consider that the fair values of accounts receivable which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

Based on the transaction date, ageing analysis of the Group's accounts receivable (net of impairment loss) as at 31 December 2017 and 2016 are as follows:

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**353**	1,360
31 to 90 days	**879**	1,153
91 to 180 days	**752**	802
Over 180 days	**16,143**	21,475
	18,127	24,790

Ageing analysis of the Group's accounts receivable that were not individually nor collectively impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**413**	1,360
1 to 90 days past due	**1,219**	1,703
91 to 180 days past due	**1,148**	552
Over 180 days past due	**15,347**	21,175
	18,127	24,790

Accounts receivable that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors 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 considered fully recoverable.

The Group's other receivables mainly included receivables from disposal of properties held for sale and other receivables from third parties. Other classes within accounts and other receivables do not contain impaired assets.

The below table reconciled impairment loss of accounts receivable for the year:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**8,457**	9,500
Less: Reversal of impairment loss previously recognised	**—**	(1,043)
Transfer to written off accounts receivable	**(8,457)**	—
At 31 December	**—**	8,457

The Group holds collateral over all its accounts receivable from financial guarantee services. In the event of default or failure to repay any outstanding guarantee amounts by the customers, the Group will proceed with sale of collaterals. In order to maintain the credit risk at desirable level, the Group's average loan-to-value ratio was kept below 50% to ensure the recoverability of the outstanding guarantee amount (2016: 50%). At the reporting date, the fair value of the pledged assets in respect of accounts receivable is as follows:

	2017	2016
	RMB'000	*RMB'000*
Property, plant and equipment	**1,153,754**	1,801,426
Inventories	**991,769**	1,635,761
Accounts receivable	**9,000**	245,790
Bank deposits	**2,500**	4,200
	2,157,023	3,687,177

13. AMOUNTS DUE FROM RELATED PARTIES

The amounts due from related parties are unsecured, interest-free and repayable on demand.

Name of related parties	Relationships	**2017** *RMB'000*	2016 *RMB'000*
廣東金沙緯地技術有限公司	Non-controlling shareholder of NCCE	—	22,831
廣西都誠投資集團有限公司	Non-controlling shareholder of NCCE	—	28,901
廣西都誠電子商務有限公司	Related party of non-controlling shareholder of NCCE	—	21
廣西都城電子網路資訊技術有限公司	Related party of non-controlling shareholder of NCCE	—	2,058
重慶通在兆農業發展有限公司	Company which has significant influence by the director *(Note)*	**29,013**	51,724
		29,013	105,535

Note: Mr. Pang, a director of the Company, has significant influence in 重慶通在兆農業發展有限公司. In the opinion of the directors of the Company, 重慶通在兆農業發展有限公司 is a related party to the Group.

During the year ended 31 December 2017, an amount of RMB52,741,000 was impaired and charged to profit and loss by the directors due to the financial difficulty of the counter-parties.

14. CASH AND CASH EQUIVALENTS — HELD ON BEHALF OF CUSTOMERS

The Group held customers' monies in its normal course of business. The Group has classified these balances separately as cash and bank balances held on behalf of customers in the consolidated statement of financial position. The corresponding balances were recognised as other payables for each individual customer.

15. ACCOUNTS AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Accounts payable arising from the ordinary course of business on online trading platform	**26,796**	35,167
Accruals and other payables *(Note)*	**116,626**	267,213
Receipts in advance	**11,608**	14,119
Deferred income from financial guarantee	**2,808**	5,404
Business and other tax payables	**14,903**	13,192
	172,741	335,095

Note:

The balance as at 31 December 2017 included accrued construction cost of RMB2,010,000 (2016: RMB3,669,000) and cash and cash equivalent held on behalf of customers of RMB10,739,000 (2016: RMB153,486,000).

The following is an aged analysis of accounts payable presented based on the transaction date at the end of the reporting period:

	2017	2016
	RMB'000	*RMB'000*
0 to 30 days	**—**	—
31 to 60 days	**—**	—
61 to 90 days	**—**	—
91 to 365 days	**321**	35,167
More than 365 days	**26,475**	—
	26,796	35,167

The average credit period on commission paid is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. CONVERTIBLE BONDS

On 24 December 2015, the Company issued convertible bonds (the "**2015 CB**") with an aggregate principal amount of HK$149,500,000. Interest is charged at a rate of 8% per annum which is repayable semi-annually in arrears. The bonds carry a right to convert the principal amount into shares of HK$0.01 each in the share capital of the Company at an initial conversion price of HK$1.15 per conversion share during the period from 24 December 2016 to 24 December 2017. The Company may at any time before the maturity date redeem the bonds at par (in whole or in part). Any amount of the 2015 CB which remains outstanding on the maturity date will be redeemed at their outstanding principal amount.

On initial recognition, the 2015 CB contain liability and equity components. The equity component is presented within convertible bonds equity reserve in equity. The effective interest rate of the liability component on initial recognition is 10.92% per annum.

On 15 December 2017, the Company extended the maturity date of the 2015 CB by one year, from 24 December 2017 to 24 December 2018; and deleted all references to Mr. Chang Hoi Nam in the terms and conditions of the convertible bonds in its entirety. All other terms and conditions of the 2015 CB remain unchanged from the original terms. The extended maturity date is not accounted for as an extinguishment of the original financial liability of 2015 CB as the discounted present value of the cash flow of the 2015 CB with extended maturity date is less than 10% difference from the discounted present value of the cash flow of the outstanding 2015 CB prior to the extension of maturity date. As such, the amount of future cash flow of the extended 2015 CB as at 24 December 2018 discounted by the original effective interest rate amounted to approximately RMB112,800,000 (equivalent to HK$135,500,000). The difference between the carrying amount of extended 2015 CB and the amount of discounted future cash flow of the extended 2015 CB of approximately RMB11,655,000 (equivalent to HK$14,000,000) has been recognised in other income, gains or losses.

The decrease in fair value of the derivative financial assets before the extension of maturity date of approximately RMB4,518,000 (equivalent to HK$5,227,000) and the increase in fair value of the derivative financial assets after the extension of maturity date of approximately RMB968,000 (equivalent to HK$1,120,000) have been recognised in profit or loss for the year ended 31 December 2017.

During the years ended 31 December 2017 and 2016, none of the 2015 CB was converted into ordinary share of the Company.

The convertible bonds recognised in the consolidated statement of financial position at initial recognition are as follows:

	RMB'000
Fair value of the 2015 CB at 24 December 2015	125,161
Equity component	(33,154)
Derivative financial assets — company redemption options on convertible bonds	26,277
Liability component on initial recognition	118,284

The movements of the liability component of the 2015 CB for the year are set out below:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**130,156**	118,530
Effective interest expense	**14,254**	13,654
Interest paid	**(10,292)**	(10,847)
Gain on extension of convertible bonds	**(11,655)**	—
Exchange realignment	**(9,271)**	8,819
At 31 December	**113,192**	130,156

The movements of the derivative financial assets of the 2015 CB for the year are set out below:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**14,741**	23,856
Changes in fair value recognised in profit or loss during the year	**(3,550)**	(10,314)
Exchange realignment	**(901)**	1,199
At 31 December	**10,290**	14,741

The fair value of the conversion option was determined using binomial option pricing model, and the inputs into the model at the relevant dates were as follows:

	2017	2016
Conversion price	**HK$1.15**	HK$1.15
Share price	**HK$1.01**	HK$1.04
Expected volatility	**40.67%**	46.21%
Remaining life	**0.98 year**	0.98 year
Risk-free rate	**1.06%**	0.85%

17. DEFERRED TAX

The following table is the analysis of the deferred tax balances for financial reporting purposes:

	2017	2016
	RMB'000	*RMB'000*
Deferred tax assets	**40**	—
Deferred tax liabilities	**(227,083)**	(276,936)
	(227,043)	(276,936)

Movements of deferred tax assets/(liabilities) recognised during the year are as follows:

	Revaluation of intangible assets	**Revaluation of investment properties**	**Revaluation of property, plant and equipment**	**Revaluation of properties held for sale**	**Deferred tax assets**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	(36,643)	(12,694)	—	—	—	(49,337)
Acquired through business combinations	(239,075)	—	(402)	(33,143)	—	(272,620)
Credit/(charge) to profit or loss for the year	14,683	(3,207)	402	33,143	—	45,021
At 31 December 2016 and 1 January 2017	(261,035)	(15,901)	—	—	—	(276,936)
Acquired through business combinations	—	—	—	—	40	40
Credit to profit or loss for the year	45,129	4,724	—	—	—	49,853
At 31 December 2017	**(215,906)**	**(11,177)**	**—**	**—**	**40**	**(227,043)**

18. SHARE CAPITAL

	Number of shares	Amount	
	'000	*HK$'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares of HK$0.01each			
At 1 January 2016	1,679,560	16,796	13,653
Issue of ordinary shares upon exercise of share options	12,000	120	104
At 31 December 2016 and at 1 January 2017	1,691,560	16,916	13,757
Issue of ordinary shares upon exercise of share options	6,250	62	55
Issue and allotment of placing shares *(Note)*	60,000	600	519
At 31 December 2017	1,757,810	17,578	14,331

Note:

Pursuant to a placing agreement entered by the Company with a placing agent on 21 November 2017 in relation to the placing of 60,000,000 shares of the Company at a price of HK$1.00 per share (the "**Placing**"), the Placing was completed on 14 December 2017 and 60,000,000 shares were issued and allotted to six placees, raising proceeds, net of direct expenses, totalling approximately RMB50.62 million (equivalent to HK$58.55 million).

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the audited consolidated financial statements of the Group for the year ended 31 December 2017.

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

1. ***Scope limitation — impairment assessment on trade name and business licence (the "Intangible Assets")***

   As at 31 December 2017, the carrying amount of the Intangible Assets acquired and the deferred tax liabilities arising from the acquisition of Nanning (China-ASEAN) Commodity Exchange Company Limited ("**NCCE**") amounted to approximately RMB864,321,000 and RMB215,906,000 respectively. NCCE is a 52.63% owned subsidiary of the Company.

   As disclosed in the unaudited interim report of the Company for the six months ended 30 June 2017, the spot trading business of NCCE has been temporarily suspended since June 2017 due to the rectification actions taken by the China Securities Regulatory Commission (the "**CSRC**"). As at 31 December 2017, in assessing the recoverable amount of the cash generating unit ("**CGU**") to which the Intangible Assets belonged, the directors of the Company have referenced to a valuation report prepared by an independent professional qualified valuer based on a cash flow forecast prepared by the directors of the Company on the assumption that the Group will be able to resume the spot trading business of NCCE in 2018. The directors of the Company concluded that no impairment loss on the Intangible Assets is required to be recognised.

   As we were unable to obtain sufficient appropriate audit evidence to assess the likelihood and timing of the Group to resume the spot trading business of NCCE, we are not able to satisfy ourselves of the appropriateness of the assumptions made by the directors of the Company in assessing the recoverable amount and carrying amount of the Intangible Assets as at 31 December 2017, whether any impairment of the Intangible Assets should be recognised, and whether any further adjustment to the Intangible Assets related liability should be made.

Any adjustments to the assets and liabilities as described above might have a significant consequential direct effect on the Group's net assets as at 31 December 2017, and of its loss for the year then ended and the related note disclosures to the consolidated financial statements.

Together with the matter described under the heading "Material uncertainty relating to going concern" below, in relation to our audit of the consolidated financial statements for the year ended 31 December 2017, we did not express an opinion thereon.

2. *Material uncertainty relating to going concern*

As shown in the consolidated financial statements, the Group had incurred a loss for the year of RMB344,672,000 for the year ended 31 December 2017 (2016: profit for the year of RMB90,607,000) and had net current liabilities of RMB24,078,000 as at 31 December 2017 (2016: net current assets of RMB9,373,000). In addition, the future liquidity and performance of the Group depends on the successful resumption of the spot trading business of NCCE as assumed by the directors of the Company, as disclosed in Note 2(b)(ii) to the consolidated financial statements. The foregoing matters indicate the existence of a material uncertainty, which may cast significant doubt about the Group's ability to continue as a going concern.

Notwithstanding the foregoing, the directors of the Company have prepared the consolidated financial statements on a going concern basis, the appropriateness of which largely depends upon the outcome of the underlying assumptions, as detailed in Note 2(b)(ii) to the consolidated financial statements, and in particular, whether the Group would be able to resume its spot trading business of NCCE in 2018.

The appropriateness of preparation of the consolidated financial statements on the going concern basis depends on whether the assumptions taken into account by the directors of the Company in the going concern assessment as disclosed in Note 2(b)(ii) to the consolidated financial statements are reasonable and whether the plans and measures can be implemented successfully.

However, we are unable to determine whether it is appropriate for the directors of the Company to adopt these assumptions in preparing the consolidated financial statements on the going concern basis. There were no alternative audit procedures that we could perform in this regard. Should the going concern basis be determined to be not appropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable value, to provide for any further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

INFORMATION ON THE GROUP

The Group is engaged in the business of providing financial guarantee services and the relevant consultancy services in the People's Republic of China (the "**PRC**"). The Group obtained control of JDP by holding 60% of its equity interest upon completion of the capital injection in May 2015 and obtained control of NCCE by holding approximately 52.63% of its equity interest upon completion of the capital injection in January 2016. The principal activities of JDP are provision of software development services and online trading platform services, and the principal activity of NCCE is provision of electronic market for transaction of commodity including nonferrous metal, ferrous metal, agricultural products, energy products, chemical materials, machineries and equipment. During the year ended 31 December 2017, the Group acquired 100% of the issued share capital of APCM and its wholly owned subsidiary (together referred to as "**APCM Group**"). APCM Group is principally engaged in the provision of electronic market platform for trading commodities. The Directors expect that APCM will commence its business in 2018.

The Company's shares (the "**Shares**") have been listed on GEM of the Stock Exchange since 6 January 2012.

BUSINESS REVIEW

The Group commenced its commodity exchange business in China since 2015 when the Group acquired a majority stake in JDP and continued to expand in 2016 when it acquired a majority stake in NCCE.

Since the second half of 2016, the CSRC, in conjunction with the local provincial governments, commenced a series of informal reviews in the entire commodity exchange industry, i.e. all commodities exchanges (some 1200 nos), in China. The purpose of the review is to ensure that the various types of trading modes practiced in the commodities exchanges were appropriate. On-site inspections were carried out. Contracts, financial and accounting records and all relevant documentary evidence of proper carrying out of procedures were checked. Computer and trading records were examined, and internal controls practices were checked to see whether they were executed accordingly. All operations carried out by JDP and NCCE were found acceptable by the respective local provincial government authorities.

Unfortunately, despite the fact that there were quite some commodities exchanges (including JDP and NCCE) were operating appropriately, CSRC still found that a formal nation-wide mandatory review, together with respective local provincial government was necessary. Such mandatory review commenced during 2017.

This mandatory review carried the unfortunate request that ALL commodity exchanges should wind down ALL its business operations, pending for the conclusion of the mandatory review. The mandatory review would repeat the work of the previous informal review, irrespective of whether the commodity exchanges' trading practices had been found appropriate and satisfactory previously. Accordingly, JDP and NCCE complied and started to wind down during 2017.

The Group has also taken the opportunity to review its focus of efforts and considered that it should consolidate its manpower, expertise and resources in JDP and NCCE to minimise duplication of efforts. This was in preparation for the revival of businesses in NCCE after the CSRC and Guangxi government mandatory review. This shall allow the Group to focus all its strength in developing the commodities exchanges network in ASEAN countries which shall bring in more revenue in due time. As such, the Group made a provision of impairment loss on intangible assets of JDP in the consolidated accounts. This shall make the Group's accounts more trim and tidy in future.

During 2017, the Group and NCCE had been liaising closely with the Guangxi government authorities to conduct the mandatory exercise, with a view to revive the business activities as soon as practicable. NCCE had been reassured repeatedly that its trading practices carried out in the past had been in compliance with the government policies and its proposed business and trading operations in China and in the ASEAN countries are appropriate and that its revival of business should be endorsed at the time when the mandatory review for Guangxi is completed.

However, the purpose and target of the mandatory review was for the entire commodities exchange industry in Guangxi and NOT for individual institution per se e.g. NCCE. It was noted that, subject to the findings of the mandatory review for certain relevant commodities exchanges, some might be requested to merge or cease operation. NCCE is not required to undergo merger and closure.

Regrettably, the mandatory review of Guangxi has not been completed as at the date of this announcement. It should be noted that the time taken in Guangxi is longer than it is expected and intended. Other provinces, such as Shandong, already completed the mandatory review in September 2017.

It is not a practice for the Guangxi government authority to issue any official sanction to any relevant individual institution e.g. NCCE per se before such overall mandatory review is completed, with proper follow up rectification actions on other unsuccessful commodities exchanges are put in place. Unfortunately, the completion time is not a subject that the Group and NCCE could exert any more efforts to expedite the process as it had already been done so.

As a recognised national commodities exchange, NCCE has many intrinsic advantages over any other commercial institutions. During the current year, although the Group has made a provision for impairment loss on amounts due from related parties totaled RMB52.74 million, the management of the Group is confident that once the business of NCCE is reinstated after the mandatory review, the amount shall be recovered. The Group should continue to press the Guangxi government authority to expedite the entire completion of the mandatory review process and, if not, to sanction, in stages, to those who are satisfactory as partial completion of the process. Mr. Pang Man Kin Nixon, the chairman of the Board, had already taken this matter, in his personal capacity of Guangxi government Consultative Member (which he assumed in January 2018), to represent the entire Commodity Exchange industry in Guangxi to press for a more satisfactory resolution of this matter. Hopefully, this added political pressure would make a difference.

Nonetheless, the uncertain situation of NCCE remains and is, of course, unsatisfactory.

It should be noted that all businesses, contacts and operations had been originally designed and organised around the setting of NCCE, such as centralised clearing and settlement system with banks. It takes extra time, negotiation and efforts to re-model the operation while maintaining the original set up intact, with a view to fully utilise the full capability of NCCE in due time. That said, the Group had contemplated and assessed the fluidity of the situation and had taken any suitable remedial and stop gap measures, as necessary.

The Group had started in 2017 contemplating **DXZYB**, the subsidiary of the Company, to be a general trading agent and foreign exchange settlement company in Dong Xing, Guangxi, a place adjacent to Vietnam border. Dong Xing is the most active venue for China-Vietnam border trade, amongst the 26 designated sites in Guangxi. DXYB in conjunction with NCCE, could utilise the special trade and foreign exchange policies (only specifically allowed for the designated border residences) to carry out cross border trade and foreign exchange settlement in Dong Xing, Guangxi. The Group has renegotiated and made necessary arrangements with other commercial institutions such that this cross-border trading operations could commence without the involvement of NCCE for the time being. It is expected that such business activities could commence before mid-2018.

Likewise, the Group has re-prioritise its attention to the development of other commodities exchanges in the ASEAN countries. APCM was originally intended to take a complementary role of NCCE. Given the uncertainty of NCCE, in 2017, the Group has now taken a view that the operation of NCCE and APCM should be independent of each other, each with different focus. APCM has the advantage of close contact with the global Muslim population and there is a distinct demand on halal food. This is a large niche market of which no institution had taken any serious efforts aggregate the supply of food ingredients. APCM is making an effort to assume this super connector and conductor role of halal food in the world. The Group is vigorously pursue this matter and hopefully to realise this potential in the second half of 2018.

The Group has continued to take actions to establish commodities and future exchanges in ASEAN countries such as Myanmar, Malaysia, Vietnam, Thailand and Cambodia and the like, subject to maturity of opportunities. The progress in this front has been encouraging (please refer to the relevant announcement of the Company dated 8 March 2018).

The Group has also taken steps to enhance the value of trading in the commodities exchange by providing dynamic information and intelligence (space, movement, climatic and soil) related to the individual commodity concerned. These information might form a definitive evidence to indicate property rights, estimation of production volume, tracing of origin and quality grading of the commodity. When utilised together with the trading history and trends of this individual commodity of concerned in the commodity exchange, a creditable commodity index could be made to serve the traders therein. The Group has been taking steps in realising this goal (please refer to the relevant announcement of the Company dated 12 February 2018).

At the same time, the Group recognised that with the many enrolled members registered in JDP, NCCE, APCM and many other commodities exchanges to be established in the ASEAN countries, there is a potential investment service that it can offer as Hong Kong is one of the most active financial center in the world. These members have a strong demand to invest into financial products to either hedge or to manage their wealth. Given this exclusive access to this group of investors, the Group entered into the sales and purchases agreement to acquire approximately 102.5 million ordinary shares of Great Wall Securities Limited ("**Great Wall Securities**"), representing approximately 63.97% of the issued shares in Great Wall Securities in 2017 to realise this potential (please refer to the announcement of the Company dated 11 April 2017). Written approval for the acquisition has been issued by the Securities and Futures Commission ("**SFC**") on 28 February 2018. Upon completion, the Group will be the largest shareholder of Great Wall Securities. Great Wall Securities is licensed under the Securities and Futures Ordinance, may carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities. The acquisition will provide diversified investment channels for its members. It will also benefit the business structure of the Group and diversify business risks.

It is envisaged that with these two arms of operations (physical commodities and financial products) comes into full operation, they would produce much synergy in realising the untapped potential of these enrolled members into material benefit to the Group. The Group's current business setting has been fully in line with the Belt and Road Strategy.

The Group pays attention to spot delivery and are devoting great efforts to develop local and cross-border trading in farming, grains, animal husbandry, side line of business, fishery, forestry and frozen goods. In order to develop its online trading platform for agricultural products, the Group has entered into a cooperation agreement with Shinonghui Agricultural Industry Company Limited ("**Shinonghui**") pursuant to which all-dimensional cooperation will be rolled out by the parties on the online trading platform for agricultural products of the Group taking advantage of the development and marketing of agricultural products implemented by Shinonghui and its related services. Shinonghui was established under the approval of State Administration for Industry & Commerce of the PRC. Relying on direct supply from agricultural industrial park and place of origin with the assistance from integrated online service platform, Shinonghui strives to create a comprehensive industrial chain for its agricultural industry. According to the agreement, both parties will set up a Sino-foreign enterprise in Guangxi and integrate resources in order to set up a large-scale platform for the integration of cross-border trade, finance and Internet big data in the ASEAN countries and create a small currency foreign exchange settlement ecosystem.

During the year, the Group has also cooperated with Guangxi Sumaotong Business Services Company Limited ("**Guangxi Sumaotong**") to conduct cross-border electronic trading, pursuant to which all-dimensional cooperation will be rolled out by the parties for cross-border electronic trading of Guangxi specialty agricultural products on the online trading platform of the Group taking advantage of the integrated services for foreign trade import and export business implemented by Guangxi Sumaotong. Guangxi Sumaotong foreign trade comprehensive services platform (www. sumaotong.cn) has been on trial run. It is the only authorised professional institution to develop and operate Guangxi-ASEAN Region (Nanning) Foreign Trade Integration Complex Clearance Acceleration Project. According to the Strategic Cooperation Agreement, the Group is responsible for providing necessary resources and technical support such as online trading platform. Guangxi Sumaotong is responsible for integrating customs clearance, tallying, financing, insurance, exchange settlement, tax refund of foreign trade import and export business into one platform, i.e. providing "onestop" foreign trade services to market participants. The pilot site is in Nanning city. Loan platforms for small and medium-sized enterprises ("**SME**") from Nanning City SME Business Centre (a department of Nanning city municipal government) will be actively introduced and favourable policies for SME financing will be brought in. By implementing this cooperation, the Group will build a large platform based on cross-border trade in the China — ASEAN region, incorporating the three areas of cross-border trade, finance and internet technology big data to open up the China — ASEAN regional cross-border trade.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, revenue of the Group was approximately RMB16.35 million (2016: approximately RMB676.12 million), representing a significant decrease as compared to 2016. It was mainly due to that the commodity exchange platform business of the Group is affected by the rectification actions taken by the CSRC on all the commodity exchange venues in China during the current year. Before the completion of the rectification actions taken on commodity exchange venues in China, the Group will make every effort to commence its commodity exchange business in the countries of ASEAN. Approximately RMB5.24 million (2016: approximately RMB658.13 million) was derived from provision of online trading platform services, approximately RMB10.44 million (2016: approximately

RMB14.45 million) was derived from provision of financial guarantee and consultancy services and approximately RMB0.67 million (2016: approximately RMB3.55 million) was derived from provision of software development services.

Online Trading Platform Services

Revenue from online trading platform services of the Group represented income from provision of electronic market for transaction of commodity including non-ferrous metal, ferrous metal, agricultural products, energy products, chemical materials, machineries and equipment from NCCE and online trading platform services from JDP.

For the year ended 31 December 2017, revenue from online trading platform services of the Group was approximately RMB5.24 million (2016: approximately RMB658.13 million), representing a significant decrease as compared to 2016 due to the rectification action taken by the CSRC as mentioned above.

Financial Guarantee

Revenue from financial guarantee of the Group represented revenue from the provision of financial guarantee services and the relevant consultancy services.

For the year ended 31 December 2017, revenue from financial guarantee of the Group was approximately RMB10.44 million (2016: approximately RMB14.45 million), representing a decrease of approximately 27.8% as compared to 2016. Approximately RMB10.23 million (2016: approximately RMB13.04 million) derived from the provision of financial guarantee services and approximately RMB0.21 million (2016: approximately RMB1.41 million) derived from the provision of the relevant consultancy services.

The number of new contracts regarding financial guarantee entered into for the year ended 31 December 2017 was 45 (2016: 56), representing a decrease of approximately 19.6% as compared to 2016. Given the decrease in the average contract price of financial guarantee services, this kind of revenue decreased by approximately 27.8% as compared to 2016.

Software Development Services

Revenue from software development services of the Group represented income from provision of development and sales of computer application software systems and provision of maintenance services.

For the year ended 31 December 2017, revenue from software development services of the Group was approximately RMB0.67 million (2016: approximately RMB3.55 million), representing a decrease of approximately 80.0% as compared to 2016. Approximately RMB0.07 million (2016: approximately RMB1.76 million) derived from the provision of development and sales of computer application software systems and approximately RMB0.60 million (2016: approximately RMB1.79 million) derived from the provision of maintenance services.

Other Income

The Group's other income and gain mainly included bank interest income and reversal of impairment loss on other receivables. The Group's other income for the year ended 31 December 2017 was approximately RMB21.26 million (2016: approximately RMB59.51 million), representing a decrease by approximately 64.3% as compared to 2016. It is mainly due to the decrease in gain on disposal of properties held for sale and bank interest income by RMB21.92 million and RMB7.46 million respectively and the absence of one-off membership fee and management fee income for the current year (2016: approximately RMB22.39 million).

Selling Expenses

Selling expenses primarily consist of commissions paid to individual agents and operating centers in respect of the handling charges of trading earned by NCCE.

Administrative and Operating Expenses

Administrative and operating expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) depreciation and amortisation; (iii) rental expenses; (iv) business tax; (v) legal and professional fees; and (vi) provision of impairment losses. For the year ended 31 December 2017, the Group's administrative and operating expenses amounted to approximately RMB381.05 million (2016: approximately RMB229.83 million). The increase was mainly due to that the impairment losses were recognised for intangible assets, interests in associates, available-for-sale investments, amounts due from related parties and goodwill amounted to approximately RMB181.41 million (2016: nil) in total. Also, write-off of property, plant and equipment, prepayments, accounts receivable and other receivables amounted to RMB68.24 million was recognised for the current year (2016: nil). Generally, other types of administrative and operating expenses decreased as compare to 2016 due to the cost-saving measures adapted by the Group during the current year.

Finance Cost

The finance cost was mainly incurred from (i) a long-term loan of HK$80 million, equivalent to approximately RMB66.60 million, from a related company, which is guaranteed by a director of the Company. The loan is unsecured and bears an interest rate of 2% per month; (ii) the convertible bond with an aggregate principal amount of HK$149,500,000 issued on 24 December 2015. Interest is charged on these bonds at an interest rate of 8% per annum which is repayable semi-annually in arrears; and (iii) a short-term loan of HK$25 million, equivalent to approximately RMB20.81 million, from an independent third party. The principal was guaranteed by a director and a related party of the Company in personal guarantee. On 27 February 2018, an extension agreement was signed where the loan is now repayable on 2 January 2019 and subject to the interest rate of 15% per annum.

Loss Before Income Tax and Losses Attributable to Shareholders

Loss before income tax for the year ended 31 December 2017 was approximately RMB391.61 million (2016: profit of approximately RMB62.80 million). Loss attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB222.65 million (2016: profit of RMB116.08 million). Such change was mainly due to (i) the absence of gain on bargain purchase arising from acquisition of NCCE; (ii) a significant decline in the income from online trading platform services comparing to the corresponding period in 2016 as mentioned in the section "Revenue" above; and (iii) recognition of impairment losses as mentioned in the section "Administrative and Operating Expenses" above.

Liquidity, Financial Resources, Capital Structure and Pledge of Assets

As at 31 December 2017, pledged bank deposits and cash and cash equivalents amounted to approximately RMB33.85 million (2016: approximately RMB55.12 million) and approximately RMB64.43 million (2016: approximately RMB15.81 million) respectively, representing a decrease in pledged bank deposits of approximately RMB21.27 million and an increase in cash and cash equivalents of approximately RMB48.62 million compared with 31 December 2016. The Group generated negative cash flows of approximately RMB6.53 million from operating activities during the year which was attributable to, amongst others, the settlements of accounts and other payables in substantial amount.

On 21 November 2017, a placement of 60,000,000 ordinary shares of the Company at a price of HK$1.0 per share was made, and the Group raised a total amount of, after deduction of relevant expenses, approximately HK$58.55 million (the "**Placing**"). The net proceeds from the Placing is intended to apply as to approximately HK$40 million for repayment of borrowings of the Group and as to approximately HK$18.55 million for general working capital of the Group. The completion of the Placing took place on 14 December 2017. The net proceeds were actually used as to approximately HK$40.52 million for repayment of borrowings and as to approximately HK$18.03 million for general working capital of the Group.

Issue of 6,250,000 Shares upon exercise of share options are set out in the paragraph headed "SHARE OPTION SCHEME" below.

For the year ended 31 December 2017, the Group did not have any borrowings which bore floating interest rates. The Group's interest rate risk primarily relates to the interest-bearing bank balances and pledged bank deposits. The Group did not hedge its exposure to interest rates during the year, but may enter into interest rate-hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

The gearing ratio, which was calculated by dividing total debts (i.e. other borrowings, finance lease liabilities and convertible bonds) by equity attributable to the owner of the Company, was 45.5% as at 31 December 2016 and 55.6% as at 31 December 2017.

Contingent Liability

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

Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2017, the Group entered into an agreement with two independent third parties, to dispose of 60% equity interest in 珠海橫琴珠寶玉石交易服務有限公司, which is engaged in provision of online trading platform services in the PRC, at zero consideration.

During the year ended 31 December 2017, the Group acquired 100% of the issued share capital of APCM Group pursuant to debt conversion of USD2,520,000 (equivalent to approximately RMB16,473,000). APCM group is principally engaged in the provision of electronic market platform for trading commodities. The details are set out in the Company's announcement dated 2 January 2018.

On 11 April 2017, Mr. Vong Kuoc Meng (the "**Vendor**") and China Assets Group Management Limited (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "**Agreement**") in relation to the purchase of 102.5 million ordinary shares of Great Wall Securities (represent approximately 63.97% of the issued shares Great Wall Securities) at the consideration of HK$9,000,000. On 28 February 2018, the written approval regarding the application of the Purchaser to become a substantial shareholder of Great Wall has been issued by SFC, and the parties agreed to extend the long stop date of the Agreement to 31 March 2018. The details are set out in the Company's announcement dated 11 April 2017 and 28 February 2018.

Significant Investment and Future Plans for Material Investments or Capital Assets

Save as disclosed above in this announcement, there were no significant investments during the year ended 31 December 2017.

Grant of Share Options

During the year ended 31 December 2017, the Company did not grant any share options under the share option scheme adopted by the shareholders of the Company (the "**Shareholders**") on 1 December 2011 (the "**Share Option Scheme**"). Details and movements relating to the share options granted during the year ended 31 December 2017 are set out in the paragraph headed "SHARE OPTION SCHEME" below.

Outlook

The global economy continued to recovery in 2018 and China's economy maintains steady growth. The International Monetary Fund (IMF) forecasts a global economic growth of 3.9%, while growth in emerging and developing economies in Asia is about 6.5%. The global economic center gradually moved eastward which Asia is the main power source of global economic growth. Under the "The Belt and Road Initiative" strategy, the economic and trade relations between China and ASEAN continued to deepen. Regional integration was promoted and cross-border e-commerce also developed rapidly. In 2017, through the cross-border e-commerce management platform, the total import and export volume of retail sales reached RMB90,240 million representing an increase of 80.6% over the same period of last year. The Group believes that cross-border e-commerce will bring new opportunities to more countries, enterprises and groups.

Looking forward, the Group will continue to expand commodity spot delivery trading business to Indonesia as the first stop of the ASEAN 10 and gradually developed markets such as ASEAN and Muslims. APCM, a subsidiary of the Group, has obtained all the operating licenses from the relevant authorities of the Indonesian government that formally launched the online commodity spot and medium to long term delivery and trading business.

APCM also can carry out financial futures business after fulfillment of further legal and compliance requirements imposed by the local government and regulatory authorities. To this end, the Directors view that APCM, together with the Group's other related businesses, can not only create a spot commodity trading network, but also develop trading of futures business at the same time. Market shares constantly rising. With the Group focuses on the bulk commodities trading in farming, grains, animal husbandry, side line of business, fishery and forestry utilising the advantages of NCCE in geographical position, human relations and policies of Guangxi province. In addition, the Group has obtained the approval from SFC for the acquisition of Great Wall Securities. Upon completion of the transaction, Great Wall Securities will become a non-wholly-owned subsidiary of the Group. The acquisition helps the Group to develop a more diversified investment pipeline in order to establish itself as a financial industry solution provider.

In addition, the Group also cooperated with Guangxi Sumaotong and Shinonghui. As the Group gradually build a large platform based on cross-border trade in the China — ASEAN region which promotes cross-border trade, finance and internet technology with deep integration. On the basis of mutual benefit and reciprocity, we will integrate our respective advantages and resources to create greater commercial value. By carrying out physical cross-border business, financing platforms specifically supporting cross-border transactions will be built up step by step by cooperating with financial institutions and investment companies home and abroad. Such platforms will be responsible for providing flexible trade financing to legitimate trade organisations. Financing will be provided to domestic and international trade based on credit demands of different trade organisations and trade forms to solve the problem of funds shortage in entity enterprises and circulation enterprises.

In order to enhance the competitiveness of the diversified platform, the Group aggressively looks for strategic partners. The Group will invest Zhong Ke (Shenzhen) Satellite Commercial Application Company Limited ("**ZK (Shenzhen) Satellite**") 25% registered capital and China RS (Shenzhen) Satellite Application Innovation Institute Company Limited ("**China RS (Shenzhen)**") cooperate in the areas of commodities or etc. The Company provides a spot trading platform utilising satellite technologies to track the sources for its bulk commodities to ZK (Shenzhen) Satellite, while ZK (Shenzhen) Satellite provides information service to the Company. The parties will collaborate comprehensively to provide credible and fair public data relating to the circulation and traceability for domestic and cross-border bulk commodities trading so as to assure the authenticity of goods and safety in logistics. So that both parties to the transaction and all relevant service providers such as trade finance and logistics, can more effectively and accurately grasp the market conditions and market conditions. The cooperation can gradually integrate the logistics, product flow and cash flow of bulk commodities subject matters into the exchange platform which is a significant step.

Capital Commitments and Capital Expenditure

The capital commitments of the Group as at 31 December 2017 not provided for in the financial statements were approximately RMB3.5 million (2016: approximately RMB3.50 million) and RMB0.94 million (2016: approximately RMB0.25 million) for capital injection for the acquisition of an associate and intangible assets respectively.

The increment in capital expenditure of the Group for the year ended 31 December 2017 was approximately RMB2.01 million (2016: approximately RMB15.76 million). Such increment was principally attributable to the increase in expenditure in leasehold improvements and motor vehicles.

Employees and Remuneration Policy

As at 31 December 2017, the Group had a total of 99 employees (2016: 194 employees). The Group's total staff costs (including Directors' emoluments) were approximately RMB17.88 million (2016: approximately RMB20.56 million). The remuneration policy is determined with reference to market condition, performance and qualification.

For the year ended 31 December 2017, the Company did not grant any share options (2016: 265,000,000 share options) to the eligible persons under the Share Option Scheme. Equity-settled share-based payments recognised for the year ended 31 December 2017 were approximately RMB0.45 million (2016: approximately RMB68.14 million). The Group participates in the PRC government-sponsored social security system as required under the relevant PRC laws and regulations. The social security system in the PRC includes retirement, work injury, medical care, unemployment and other insurance coverage for the employees. The Group also maintains the Mandatory Provident Fund scheme and insurance for its employees in Hong Kong.

As at 31 December 2017, the Group had no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by itself to reduce the existing level of contributions.

Charge on Group Assets

At 31 December 2017, the Group's certain property, plant and equipment and bank deposits with carrying amount of approximately RMB4.41 million and RMB33.85 million respectively were pledged to secure finance lease liabilities and for providing financial guarantee services to the Group's customers respectively.

Foreign Exchange Exposure

The Group's main operations are in the PRC. Most of the assets, income, payments and cash balances are denominated in RMB. The Company has not entered into any foreign exchange hedging arrangement. The Directors consider that exchange rate fluctuation has no significant impact on the Company's performance.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

Change of Directorship

Mr. Chang Hoi Nam resigned as an executive Director, the chief executive officer and the vice chairman of the Company with effect from 28 September 2017. Further details of the change of directorship are set out in the Company's announcement dated 28 September 2017.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2017, the interests and short positions of the Directors and chief executives of the Company (the "**Chief Executives**") in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules (the "**Required Standard of Dealings**") were as follows:

(a) Long positions in the ordinary Shares of HK$0.01 each and the underlying Shares

Name of Director	Number of Shares: Personal interest	Number of Shares: Corporate interest	Equity derivatives (share options) *(Note 3)*	Total number of Shares and underlying Shares	Approximate percentage of the issued share capital *(Note 4)*
Mr. Pang Man Kin Nixon ("**Mr. Pang**")	283,278,000	659,716,000 *(Note 1)*	140,000,000	1,082,994,000	61.61%
Dato' Sri Hah Tiing Siu ("**Dato' Sri Hah**")	90,600,000	5,696,000 *(Note 2)*	15,000,000	111,296,000	6.33%

Notes:

1. These Shares were registered in the name of Team King Limited ("**Team King**"), which was wholly owned by Capital Gain Investments Holdings Limited ("**Capital Gain**"). Capital Gain was wholly owned by Mr. Pang. Under the SFO, Mr. Pang was deemed to be interested in the Shares held by Team King by virtue of Team King being controlled by Mr. Pang through Capital Gain.

2. These Shares were held by Jarmata Profits Limited, which was owned as to 50% by Dato' Sri Hah. Thus, he was deemed to be interested in the 5,696,000 Shares held by Jarmata Profits Limited pursuant to the SFO.

3. The interests in the share options (being regarded as unlisted physically settled equity derivatives) are detailed under the paragraph headed "SHARE OPTION SCHEME" in this announcement.

4. The percentage was calculated on the basis of 1,757,810,000 Shares in issue as at 31 December 2017.

(b) Long positions in the shares of associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares held in associated corporation	Approximate percentage of interest in associated corporation
Mr. Pang	Team King *(Note)*	Through a controlled corporation	50,000	100%

Note: Team King was wholly owned by Capital Gain. Capital Gain was wholly owned by Mr. Pang.

Save as disclosed above, as at 31 December 2017, none of the Directors or Chief Executives had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2017, so far as is known to the Directors and Chief Executives and based on the public records filed on the website of the Stock Exchange and records kept by the Company, the interests and short positions of the persons or corporations (other than the Directors and Chief Executives) in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of substantial shareholder	**Capacity**	**Total number of Shares/ underlying Shares**	**Approximate percentage of the issued share capital** *(Note 4)*
Team King	Beneficial owner	659,716,000 (L)	37.53%
Capital Gain	Through a controlled corporation	659,716,000 (L) *(Note 1)*	37.53%
Prosperous International Finance Limited (“**Prosperous International**”)	Beneficial owner	785,000,000 (L) *(Note 2)*	44.66%
Mr. Chan Ting Lai (“**Mr. Chan**”)	Beneficial owner and interest of controlled corporation	820,240,000 (L) *(Note 3)*	46.66%

(L) denotes long position

Notes:

1. These Shares were registered in the name of Team King, which was wholly owned by Capital Gain. Capital Gain was wholly owned by Mr. Pang. Under the SFO, Mr. Pang was deemed to be interested in the Shares held by Team King by virtue of Team King being controlled by Mr. Pang through Capital Gain.

2. Prosperous International was issued the guaranteed and secured convertible bonds in aggregate principal amount of HK$149,500,000 by the Company. Upon full conversion of the convertible bonds at the conversion price of HK$1.15 per conversion share, a total of 130,000,000 conversion shares will be issued. Moreover, the share charge entered into between Team King as chargor and Prosperous International as chargee pursuant to which 655,000,000 Shares held by Team King was charged in favour of Prosperous International. Therefore, 785,000,000 Shares and underlying Shares were held by and in favour of Prosperous International.

3. Out of these 820,240,000 Shares and underlying Shares, 35,240,000 Shares were beneficially owned by Mr. Chan. The sole legal and beneficial owner of Prosperous International was Mr. Chan. Under the SFO, Mr. Chan was deemed to be interested in 785,000,000 Shares and underlying Shares held by and in favour of Prosperous International.

4. The percentage was calculated on the basis of 1,757,810,000 Shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, there was no person or corporation (other than the Directors and Chief Executives) who had any interest or short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

OTHER INTERESTS DISCLOSEABLE UNDER THE SFO

Save as disclosed above, so far as is known to the Directors, there was no other person who had interest or short position in the Shares and underlying Shares that is discloseable under section 336 of the SFO.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 1 December 2011 whereby the Board was authorised, at its absolute discretion and subject to the terms of the Share Option Scheme, to grant options to the Eligible Persons (as defined in the Share Option Scheme) to subscribe for the Shares as incentives or rewards for their contributions to the Group. The Share Option Scheme will be valid and effective for a period of ten years commencing from the Company listed on the GEM of the Stock Exchange on 6 January 2012. Movements relating to the share options granted during the year ended 31 December 2017 were as follows:

Date of grant	Owners/Grantees	Number of share options At 1 Jan 2017	Granted	Exercised	Lapsed	Cancelled	At 31 Dec 2017	Exercise period	Exercise price *HK$*
25 Jun 2015	Employees	37,070,000	—	—	37,070,000	—	—	25 Jun 2015 to 24 Jun 2017	2.582
	Consultants	21,000,000	—	—	21,000,000	—	—	25 Jun 2015 to 24 Jun 2017	2.582
		2,500,000	—	—	2,500,000	—	—	25 Jun 2016 to 24 Jun 2017	2.582
		2,500,000	—	—	—	—	2,500,000	25 Jun 2017 to 24 Jun 2018	2.582
12 Nov 2015	Director — Law Fei Shing	15,000,000	—	—	15,000,000	—	—	12 Nov 2015 to 11 Nov 2017	1.03
	Employees	51,000,000	—	6,250,000	44,750,000	—	—	12 Nov 2015 to 11 Nov 2017	1.03
	Consultants	70,000,000	—	—	70,000,000	—	—	12 Nov 2015 to 11 Nov 2017	1.03
17 Dec 2015	Employees	100,000	—	—	100,000	—	—	17 Dec 2016 to 16 Dec 2017	0.97
	Consultants	2,000,000	—	—	—	—	2,000,000	17 Dec 2015 to 16 Dec 2018	0.97
21 Jan 2016	Director — Pang Man Kin Nixon ("**Mr. Pang**")	140,000,000	—	—	—	—	140,000,000	21 Jan 2016 to 20 Jan 2021	0.852
	Ex-Director — Chang Hoi Nam ("**Mr. Chang**")	100,000,000	—	—	100,000,000	—	—	21 Jan 2016 to 20 Jan 2021	0.852
13 May 2016	Director — Dato' Sri Hah Tiing Siu	15,000,000	—	—	—	—	15,000,000	13 May 2016 to 12 May 2019	1.02
		456,170,000	—	6,250,000	290,420,000	—	159,500,000		

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealings**"). The Company has confirmed, having made specific enquiries of the Directors, all the Directors have complied with the Required Standard of Dealings throughout the year ended 31 December 2017.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" and "SHARE OPTION SCHEME" in this announcement, at no time during the year ended 31 December 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the year ended 31 December 2017 had the Directors and the Chief Executives (including their spouses and children under 18 years of age) any interest in, or been granted, or exercised any rights to subscribe for the Shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of the SFO).

COMPETING INTERESTS

As at 31 December 2017, none of the Directors, the substantial Shareholders and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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 had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**").

For the year ended 31 December 2017 and up to the date of this announcement, the Company has complied with the code provisions set out in the CG Code with the following exception:

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since 28 September 2017, the Company has not had any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself. The Board is of the view that there exists a balance of power and authority and will review the current practice from time to time and make appropriate changes if necessary.

Code provisions A.5.3, B.1.3 and C.3.4 require that the terms of reference of each of the nomination committee, remuneration committee and audit committee of the Company should be made available in the Company's website. The Company's website is renewed, therefore the terms of reference are not available temporarily. These terms of reference will be uploaded to the Company's website by the end of April 2018.

EVENT AFTER REPORTING PERIOD

On 5 February 2018, the Group has established a subsidiary which was called "Assurance Satellite Technology Investment Limited" ("**Assurance Satellite**"). On 11 February 2018, Assurance Satellite entered into a capital increase agreement with China RS (Shenzhen) and a third party natural person, pursuant to which Assurance Satellite will inject capital of RMB3,000,000 in Zhong Ke (Shenzhen) Satellite Commercial Application Company Limited ("**ZK (Shenzhen) Satellite**") for acquiring 25% equity interests. Upon completion, ZK (Shenzhen) Satellite will become an associate of the Group.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this announcement of the Group's result for the year ended 31 December 2017 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee on 1 December 2011 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Kai Wing (chairman of the Audit Committee), Mr. Lam Raymond Shiu Cheung and Mr. Chow Shiu Ki. The primary duties of the Audit Committee are mainly (i) making recommendations to the Board on the appointment, re-appointment and removal of external auditor as well as approval on their remuneration and terms of engagement; (ii) reviewing the financial statements and providing material advice in respect of the financial reporting; and (iii) overseeing financial reporting system, risk management and internal control systems of the Company.

The Audit Committee had reviewed the audited consolidated results of the Group for the year ended 31 December 2017 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cafgroup.hk). The annual report of the Company for the year ended 31 December 2017 containing all the information required by the GEM Listing Rules will be despatched to the Shareholders and published on the above websites in due course.

By order of the Board
China Assurance Finance Group Limited
Pang Man Kin Nixon
Chairman and Executive Director

* *For identification purpose only*

Hong Kong, 26 March 2018

As at the date of this announcement, the executive Directors are Mr. Pang Man Kin Nixon, Mr. Chan Kim Leung, Mr. Law Fei Shing and Dato' Sri Hah Tiing Siu; and the independent non-executive Directors are Mr. Chan Kai Wing, Mr. Lam Raymond Shiu Cheung and Mr. Chow Shiu Ki.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.cafgroup.hk.