CHINA FINANCE INVESTMENT HOLDINGS LIMITED
中國金控投資集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 875)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of China Finance Investment Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Reporting Period") together with the comparative figures for the year ended 31 December 2016 (the "Corresponding Period") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Represented)
Continuing operations			
Revenue	*3*	**82,669**	92,572
Cost of sales and services rendered		**(38,251)**	(65,824)
Gross profit		**44,418**	26,748
Other income and gains	*5*	**35,620**	6,713
Loss arising from change in fair value less costs to sell of biological assets		**(434)**	(215)
Selling and distribution expenses		**(17,578)**	(18,731)
Administrative expenses		**(75,259)**	(111,798)
Other operating expenses	*6*	**(43,403)**	(407,615)
Share of profit of an associate		**5,426**	7,534
Finance costs	*7*	**(7,902)**	(9,071)
Loss before taxation	*8*	**(59,112)**	(506,435)
Income tax expense	*9*	**(5,308)**	(1,104)
Loss for the year from continuing operations		**(64,420)**	(507,539)
Discontinued operations			
Loss from discontinued operations, net of tax		**(8,509)**	(13,144)
Loss for the year		**(72,929)**	(520,683)
Other comprehensive income for the year:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of foreign operations		**(2,574)**	2,038
		(2,574)	2,038
Total comprehensive income for the year		**(75,503)**	(518,645)

	Notes	2017 HK$'000	2016 HK$'000 (Represented)
Loss attributable to equity shareholders of the Company:			
– from continuing operations		**(64,420)**	(507,539)
– from discontinued operations		**(8,509)**	(13,144)
		(72,929)	(520,683)
Total comprehensive income attributable to equity shareholders of the Company			
– from continuing operations		**(66,992)**	(505,501)
– from discontinued operations		**(8,511)**	(13,144)
		(75,503)	(518,645)
Loss per share			
Basic *(HK cents)*	*10*		
– Continuing operations		**(0.67)**	(7.45)
– Discontinued operations		**(0.09)**	(0.19)
		(0.76)	(7.64)
Diluted *(HK cents)*	*10*		
– Continuing operations		**(0.67)**	(7.45)
– Discontinued operations		**(0.09)**	(0.19)
		(0.76)	(7.64)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**43,477**	62,406
Construction in progress		**–**	–
Goodwill		**50,732**	68,317
Intangible asset		**–**	500
Interest in an associate		**46,911**	38,000
Other non-current assets		**1,370**	205
		142,490	169,428
Current assets			
Inventories		**1,328**	493
Biological assets		**1,632**	51
Trade and other receivables	*11*	**14,526**	31,226
Loans receivable	*12*	**288,192**	252,049
Interests receivable	*13*	**4,779**	4,919
Cash held on behalf of brokerage clients		**–**	3,903
Cash and cash equivalents		**10,247**	18,073
		320,704	310,714
Assets associated with disposal group held for sale		**14,759**	–
		335,463	310,714
Current liabilities			
Trade and other payables	*14*	**52,981**	52,787
Bonds		**28,204**	–
Promissory notes		**24,770**	–
Interest-bearing bank and other borrowings		**22,273**	38,447
Obligations under a finance lease		**164**	210
Tax payables		**6,129**	1,172
		134,521	92,616
Liabilities associated with disposal group held for sale		**5,477**	–
		139,998	92,616

	Notes	**2017**	2016
		HK$'000	*HK$'000*
Net current assets		**195,465**	218,098
Total assets less current liabilities		**337,955**	387,526
Capital and reserves			
Share capital		**102,991**	96,120
Reserves		**229,021**	259,987
Total equity		**332,012**	356,107
Non-current liabilities			
Promissory notes		**–**	21,731
Government grants	*14*	**5,699**	9,136
Obligations under a finance lease		**244**	552
		5,943	31,419
		337,955	387,526

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

China Finance Investment Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, PO Box 1624, Hamilton, HM EX, Bermuda and its principal place of business is Suite 1510, 15/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company and its subsidiaries (together the "Group") are engaged in assets and investment holding, growing, processing and trading of agricultural produce, money lending and securities brokerage businesses respectively.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars (rounded to thousand), which is the same as the functional currency of the Company.

2.1 BASIS OF PREPARATION

Statement of compliance

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

Basis of preparation

The consolidated financial statements for the year ended 31 December 2017 comprise the Group and the Group's interest in an associate. The consolidated financial statements have been prepared on the historical cost basis except for biological assets which are measured at fair values at the end of each reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's consolidated financial statements for the first time in the current year:

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

New and revised HKFRSs in issue but not yet effective

Amendments to HKFRS 1 and HKAS 28	Annual Improvements 2012–2014 Cycle[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to 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 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[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] *Effective for annual periods beginning on or after a date to be determined*

3. REVENUE

An analysis of revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Revenue from sale of agricultural produce	**45,521**	80,206
Revenue from money lending	**37,148**	12,366
	82,669	92,572

4. SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following 3 reportable segments. No operating segments have been aggregated to form the following reportable segments.

Agricultural produce:	Cultivating and trading of agricultural produce
Money lending:	Loan financing
Securities broking:	Brokerage services in securities traded in Hong Kong

(i) Information about profit or loss

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segments performance for the year is set as below.

	2017					
	Continuing operations				Discontinued operations	
	Agricultural produce *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Subtotal *HK$'000*	Securities broking *HK$'000*	Total *HK$'000*
Revenue						
Reportable segment revenue	45,521	37,148	–	82,669	1,174	83,843
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	45,521	37,148	–	82,669	1,174	83,843
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(9,567)	24,904	–	15,337	(7,515)	7,822
Depreciation	(6,113)	(185)	(3,612)	(9,910)	(994)	(10,904)
Finance costs	(2,297)	–	(5,605)	(7,902)	–	(7,902)
Government grants	5,867	–	–	5,867	–	5,867
Impairment of goodwill	–	(17,585)	–	(17,585)	–	(17,585)
Impairment of other receivables	(1,935)	(16)	(8,000)	(9,951)	–	(9.951)
Impairment of property, plant and equipment	(13,129)	–	–	(13,129)	–	(13,129)
Impairment of trade receivables	(647)	–	–	(647)	–	(647)
Interest income	5	16	323	344	–	344
Loss incurred from fire accident	(2,091)	–	–	(2,091)	–	(2,091)
Share-based payment transactions	(4,975)	(4,801)	(14,834)	(24,610)	–	(24,610)
Share of profit of an associate	–	–	5,426	5,426	–	5,426
Unallocated head office and corporated income	–	–	23,514	23,514	–	23,514
Unallocated head office and corporate expenses	–	–	(23,775)	(23,775)	–	(23,775)
Consolidated (loss)/profit before taxation	(34,882)	2,333	(26,563)	(59,112)	(8,509)	(67,621)

	2016					
	Continuing operations				Discontinued operations	
	Agricultural produce	Money lending	Unallocated	Subtotal	Securities broking	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Reportable segment revenue	80,206	12,366	–	92,572	720	93,292
Elimination of inter-segment revenue	–	–	–	–	–	–
Consolidated revenue	80,206	12,366	–	92,572	720	93,292
Loss						
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(8,791)	6,038	–	(2,753)	(7,394)	(10,147)
Depreciation	(7,827)	(29)	(3,536)	(11,392)	(1,025)	(12,417)
Finance costs	(4,772)	(96)	(4,203)	(9,071)	–	(9,071)
Government grants	3,805	–	–	3,805	–	3,805
Impairment of deposits and prepayments	–	–	(28,250)	(28,250)	–	(28,250)
Impairment of goodwill	–	(12,594)	–	(12,594)	–	(12,594)
Impairment of interest in an associate	–	–	(95,805)	(95,805)	–	(95,805)
Impairment of property, plant and equipment	(9,774)	–	–	(9,774)	–	(9,774)
Interest income	10	10	818	838	–	838
Loss on early redemption of promissory notes	–	–	(36,178)	(36,178)	–	(36,178)
Loss on expiration of other financial asset	–	–	(215,489)	(215,489)	–	(215,489)
Share-based payment transactions	–	(7,909)	(60,099)	(68,008)	(4,725)	(72,733)
Share of profit of an associate	–	–	7,534	7,534	–	7,534
Written down of inventories	(290)	–	–	(290)	–	(290)
Unallocated head office and corporate expenses	–	–	(29,008)	(29,008)	–	(29,008)
Consolidated loss before taxation	(27,639)	(14,580)	(464,216)	(506,435)	(13,144)	(519,579)

The measure used for reporting segment profit/(loss) is "adjusted EBITDA/(LBITDA)" i.e. "adjusted earnings/(loss) before interest, taxes, depreciation and amortisation, impairment losses of property, plant and equipment, other financial asset, inventories and loss on early redemption of promissory notes", where "interest" is regarded as not including interest income from money lending business. To arrive at adjusted EBITDA/(LBITDA), the Group's loss are further adjusted for items not specifically attributed to individual segments, such as share of profit of an associate, directors' and auditor's remuneration and other head office or corporate administration costs.

(ii) Reconciliations of reportable segment assets and liabilities

	2017					
	Continuing operations				Discontinued operations	
	Agricultural produce *HK$'000*	Money lending *HK$'000*	Unallocated *HK$'000*	Subtotal *HK$'000*	Securities broking *HK$'000*	Total *HK$'000*
Assets						
Reportable segment assets	56,308	304,530	–	360,838	14,759	375,597
Goodwill	–	50,732	–	50,732	–	50,732
Interest in an associate	–	–	46,911	46,911	–	46,911
Unallocated head office and corporate assets	–	–	4,713	4,713	–	4,713
Consolidated total assets	56,308	355,262	51,624	463,194	14,759	477,953
Liabilities						
Reportable segment liabilities	54,832	7,086	–	61,918	5,477	67,395
Bonds	–	–	28,204	28,204	–	28,204
Promissory notes	–	–	24,770	24,770	–	24,770
Unallocated head office and corporate liabilities	–	–	25,572	25,572	–	25,572
Consolidated total liabilities	54,832	7,086	78,546	140,464	5,477	145,941
Other segment information						
Capital expenditure*	3,135	9	3	3,147	–	3,147
Income tax (credit)/expense	(20)	5,328	–	5,308	–	5,308

* *Capital expenditure consists of additions to property, plant and equipment and intangible asset.*

	2016					
	Continuing operations				Discontinued operations	
	Agricultural produce	Money lending	Unallocated	Sub-total	Securities broking	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets						
Reportable segment assets	62,108	265,778	–	327,886	23,407	351,293
Goodwill	–	68,317	–	68,317	–	68,317
Interest in an associate	–	–	38,000	38,000	–	38,000
Unallocated head office and corporate assets	–	–	22,532	22,532	–	22,532
Consolidated total assets	62,108	334,095	60,532	456,735	23,407	480,142
Liabilities						
Reportable segment liabilities	79,641	10,692	–	90,333	7,763	98,096
Promissory notes	–	–	21,731	21,731	–	21,731
Unallocated head office and corporate liabilities	–	–	4,208	4,208	–	4,208
Consolidated total liabilities	79,641	10,692	25,939	116,272	7,763	124,035
Other segment information						
Capital expenditure*	775	150	926	1,851	3,882	5,733
Income tax expense	–	1,104	–	1,104	–	1,104

* *Capital expenditure consists of additions to property, plant and equipment and intangible asset.*

(iii) Geographical information

Revenue from external customers, based on locations of customers, attributable to the Group by geographical areas is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Revenue		
– Hong Kong	**3,775**	17,206
– Mainland China	**78,894**	75,366
	82,669	92,572

An analysis of the Group's non-current assets by their geographical location is as follows:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**2,312**	9,031
Mainland China	**140,178**	160,397
	142,490	169,428

(iv) Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Customer A – Agricultural produce	**–**	10,360

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Amortisation of government grants	**4,710**	2,133
Bank interest income	**21**	21
Other interest income	**323**	817
Foreign exchange difference, net	**23,356**	–
Gain on disposal of items of property, plant and equipment	**4,384**	–
Government grants	**1,157**	1,672
Rental income	**1,135**	1,387
Reversal of impairment of trade receivables	**–**	31
Sundry income	**534**	652
	35,620	6,713

6. OTHER OPERATING EXPENSES

An analysis of other operating expenses is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Expenses incurred for fallow farmland	–	283
Foreign exchange differences, net	–	8,933
Impairment of deposits and prepayments	–	28,250
Impairment of goodwill	**17,585**	12,595
Impairment of interest in an associate	–	95,805
Impairment of other receivables	**9,951**	–
Impairment of property, plant and equipment	**13,129**	9,774
Impairment of trade receivables	**647**	–
Loss incurred from fire accident	**2,091**	–
Loss on disposal of items of property, plant and equipment	–	15
Loss on early redemption of promissory notes	–	36,178
Loss on expiration of other financial asset	–	215,489
Others	–	3
Written down of inventories	–	290
	43,403	407,615

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Imputed interest expenses on bonds	**1,821**	–
Imputed interest expenses on promissory notes	**3,039**	5,021
Interest on bank loans wholly repayable within five years	**1,809**	3,912
Interest on finance lease	**50**	42
Interest on other loans	**1,183**	95
Others	–	1
	7,902	9,071

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
		(Represented)
Continuing operations		
Staff costs (excluding directors' remunerations)		
Salaries and allowances	**33,098**	30,281
Retirement benefit costs	**870**	979
Equity-settled share-based payment	**11,953**	48,599
Total staff costs (excluding directors' remunerations)	**45,921**	79,859
Auditor's remuneration	**734**	700
Cost of inventories recognised as an expense	**35,465**	63,239
Depreciation:		
– on owned assets	**9,544**	12,051
– on leased assets	**366**	366
Interest receivables written off	**220**	40
Loan receivables written off	**1,341**	491
Loss arising from change in fair value less costs to sell of biological assets	**434**	215
Minimum lease payments under operating leases	**11,193**	10,399
Reversal of impairment of trade receivables	**–**	(31)
Equity-settled share-based payment		
Directors	**12,657**	24,134
Employees other than Directors	**11,953**	43,874
Total equity-settled share-based payment	**24,610**	68,008

9. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any taxation under the jurisdictions of the Bermuda and the BVI during the years.

No provision for Hong Kong Profits tax has been provided as the subsidiaries in Hong Kong did not have any assessable profit arising in Hong Kong for the year (2016: Nil).

PRC enterprise income tax is provided at the rates applicable to the subsidiaries in the PRC of the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

According to the PRC tax law and its interpretation rules (the "PRC tax law"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full enterprise income tax exemption or half reduction of enterprise income tax on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which includes growing, processing and selling of vegetables, are entitled to full exemption of enterprise income tax.

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Over provision in respect of prior year	**(20)**	–
Current tax – Enterprise Income Tax in Mainland China		
Provision for the year	**5,328**	1,104
	5,308	1,104

10. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$72,929,000 (2016: HK$520,683,000) and the weighted average number of 9,670,496,000 (2016: 6,816,850,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2017 and 2016 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From continuing operations

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$64,420,000 (2016: loss of HK$507,539,000) and the weighted average number of 9,670,496,000 (2016: 6,816,850,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2017 and 2016 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

From discontinued operations

The calculation of basic loss per share is based on the Group's loss attributable to the equity holders of the Company of HK$8,509,000 (2016: loss of HK$13,144,000) and the weighted average number of 9,670,496,000 (2016: 6,816,850,000) ordinary shares in issue during the year.

The computation of diluted loss per share for the year ended 31 December 2017 and 2016 does not assume the conversion of the Company's preference shares and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

11. TRADE AND OTHER RECEIVABLES

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Trade receivables arising from trading of agricultural produce		**5,147**	4,098
Less: Impairment		**(1,373)**	(666)
Total trade receivables	*(a)*	**3,774**	3,432
Accounts receivable arising from dealing in securities			
– Cash clients		**–**	249
– Margin clients		**–**	5,158
– Clearing houses		**–**	3,485
Total accounts receivable	*(b)*	**–**	8,892
Other receivables		**16,268**	10,438
Less: Impairment		**(10,185)**	(195)
Total other receivables	*(c)*	**6,083**	10,243
Deposits and prepayments		**32,919**	36,729
Less: Impairment		**(28,250)**	(28,250)
Total deposits and prepayments	*(d)*	**4,669**	8,479
Amount due from an associate		**–**	180
		14,526	31,226

(a) The average credit period on sales of goods is 60 days. As at the end of reporting period, the ageing analysis of trade receivable from trading of agricultural produce, based on the invoice date and net of impairment losses, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current	**1,217**	130
61 – 120 days	**6**	3,160
Over 120 days	**2,551**	142
	3,774	3,432

The ageing analysis of the trade receivable that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 60 days past due	**6**	3,160
Over 60 days past due	**2,551**	142
	2,557	3,302

Note: The Group does not hold any collateral over these balances.

The movements in impairment of trade receivable are as follows:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**666**	738
Impairment loss recognised	**647**	–
Reversal of impairment loss	**–**	(31)
Exchange realignment	**60**	(41)
At 31 December	**1,373**	666

Included in the above impairment of trade receivables for the year are individually impaired trade receivables with a balance of HK$647,000 (2016: HK$Nil) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

(b) The normal settlement terms of accounts receivable from cash clients and clearing houses are within two days after trade date.

Accounts receivable from cash clients arising from the securities broking are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these accounts receivable.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by discounted value accepted by the Group.

There is trading limit for all clients. The Group strictly monitors outstanding accounts receivable in order to minimise the credit risk. The management reviews the accounts receivable regularly to ensure that the listed stocks held by the Group on clients' behalf is able to offset their debts owed to the Group.

The balance of accounts receivable is reclassified to "Assets associated with disposal group held for sale".

(c) The movements in impairment of other receivables are as follows:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**195**	206
Impairment loss recognised	**9,951**	–
Exchange realignment	**39**	(11)
At 31 December	**10,185**	195

(d) The amounts included HK$28,250,000 for deposit of acquiring properties from Elite One International Holdings Limited. The rest are rental deposit and prepayments.

The movements in impairment of deposits and prepayments are as follows:

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**28,250**	–
Impairment loss recognised	**–**	28,250
At 31 December	**28,250**	28,250

12. LOANS RECEIVABLE

The Group's loans receivable arose from the money lending business. Loans receivable bear interest at rates range from 7.2% to 48% (2016: 7.2% to 48%), and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	2017	2016
	HK$'000	*HK$'000*
Carrying amount receivables based on scheduled repayment dates set out in the loan agreements		
Within one year	**288,192**	251,743
Repayment on demand clause (shown under current assets)	**–**	306
	288,192	252,049
Less: current portion	**(288,192)**	(252,049)
Non-current portion	**–**	–

The Group's loans receivable, which arise from money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars with amount HK$5,580,000 (2016: HK$16,188,000) and in Renminbi ("RMB") with amount of approximately HK$282,612,000 (2016: HK$235,861,000), respectively.

Except for loans receivable of approximately HK$282,692,000 (2016: HK$236,623,000) as at 31 December 2017 which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loans receivable are secured by collaterals provided by customers, interest-bearing and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loans receivable mentioned above.

A maturity profile of the loans receivable as at the end of the reporting periods, based on the maturity date, net of provision, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Receivable:		
Within 3 months	**21,414**	34,465
3 months to 1 year	**266,778**	217,278
Over 1 year	**–**	306
	288,192	252,049
Classified as non-current assets	**–**	–
Current assets	**288,192**	252,049

13. INTERESTS RECEIVABLE

	2017	2016
	HK$'000	*HK$'000*
Interests receivable	**4,779**	4,919

The Group's interests receivable, which arise from the money lending business of providing property mortgage loans and personal loans in Hong Kong and in Mainland China, are denominated in Hong Kong dollars and in RMB, respectively.

Except for interests receivable of approximately HK$3,381,000 (2016: HK$4,053,000) as at 31 December 2017 which are unsecured, and repayable with fixed terms agreed with customers, the remainings are secured by collaterals provided by customers repayable within fixed terms agreed with the customers.

	2017	2016
	HK$'000	*HK$'000*
Current	**2**	2,067
0 – 30 days	**2,000**	2,413
31 – 90 days	**1,380**	288
Over 90 days	**1,397**	151
	4,779	4,919

14. TRADE AND OTHER PAYABLES

		2017	2016
	Notes	***HK$'000***	*HK$'000*
Trade payables arising from trading of agricultural produce	*(a)*	**17,312**	17,034
Accounts payable arising from dealing in securities			
– Cash clients		**–**	3,598
– Clearing houses		**–**	4,051
Total accounts payable	*(b)*	**–**	7,649
Accruals and other payables		**33,897**	15,256
Amounts due to directors of subsidiaries in Mainland China		**599**	11,135
Government grants		**6,872**	10,849
		58,680	61,923
Less: current portion		**(52,981)**	(52,787)
Non-current portion – government grants		**5,699**	9,136

(a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 – 60 days	**801**	519
61 – 120 days	**3,780**	3,164
Over 120 days	**12,731**	13,351
	17,312	17,034

(b) The normal settlement terms of accounts payable to cash clients and clearing houses are two days after the trade date.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The Group has a practice to satisfy all the requests for payments immediately within the credit period. All account payables are non-interest bearing.

Accounts payable to clients also include those payables placed in trust accounts with authorised institutions of HK$3,156,000 (2016: HK$3,903,000).

The balance of accounts payable is reclassified to "Liabilities associated with disposal group held for sale".

15. EVENT AFTER THE REPORTING DATE

On 23 January 2018, the Company entered into a subscription agreement with Hui Jia Investments Limited (the "Subscriber") in respect of issue of 5% convertible bonds due in 2019 in the aggregate principal amount of HK$40,000,000 with initial conversion price of HK$0.04 per conversion share (the "Subscription"). The Subscription was completed on 7 February 2018. Out of the net proceeds of HK$39.9 million, (i) approximately HK$13.0 million was used for repayment of debts; (ii) approximately HK$23.0 million was used for agricultural produce segment's operation, including approximately HK$15.9 million for settlement of accounts payable, HK$4.8 million for farmland rental and approximately HK$2.3 million for staff costs; and (iii) the balance was used for general working capital of the Group.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2017 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the report issued by Elite Partners CPA Limited, the Company's auditor, on the 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. In all other respects, in our opinion 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

Scope Limitation – lack of fundamental audit evidence

On 28 July 2017, there was a fire accident in one of the agricultural production base in Ningxia (the" Ningxia Base"), resulting loss of supporting documents for the period from March 2017 to July 2017 ("the Period"). Because of this inherent limitation, the Directors were unable to provide the primary supporting documents for the Period in Ningxia Base.

Due to the lack of supporting documents, we were unable to obtain sufficient appropriate audit evidence to validate the transactions included in the consolidated financial statements of the Group and the resulting movement in the reserves. We were unable to obtain sufficient appropriate audit evidence regarding the transactions in the Period because certain accounting records of the Group were not practically supported by primary audit evidence on which we could rely to perform our audit. We were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the completeness, accuracy, existence, occurrence, valuation, ownership as well as classification and disclosures of the transactions undertaken by the Group.

Given these circumstances, there are no practicable audit procedures that we would perform to satisfy ourselves that the information and documents presents to us for the purpose of our audit are complete and accurate in all material respects, nor to quantify the extent of adjustments that might be necessary in respect of the Group's financial information."

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this preliminary announcement have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2017. The work performed by Elite Partners CPA Limited in this respect did not constitute as 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 HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: Nil) to the holders of both ordinary shares and preference shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the past years, the Group is principally engaged in growing, processing and selling agricultural produce. To reduce the adverse impact of inclement weather, market volatility and to offset market cyclicality, the Group has developed the money lending business and internet finance business since 2015.

Results of Continuing Operations

Agriculture Business

Due to fierce competition in the agriculture industry, the average selling price in the vegetable market drop significantly, thereby lowering the profit margins. The Group thus decided to focus on cultivating agricultural produce and downsize the trading in agricultural produce during the Reporting Period.

Coupled with the decrease in average selling price, increase in production costs and downsizing of trading in agricultural produce, the agriculture business recorded a significant drop in revenue of HK$34.7 million to approximately HK$45.5 million (2016: HK$80.2 million) and a significant drop of gross profit of HK$7.8 million to approximately HK$8.2 million in the Reporting Period (2016: gross profit of HK$16.0 million).

One of the agricultural production base in Ningxia (the "Ningxia Base") suffered accidental fire damage on 28 July 2017. As a result of the fire accident, an impairment loss of approximately HK$2.1 million was mainly recorded against the net book value of the fixed assets and inventories. The operation in the Ningxia Base is not affected. However the original supporting documents for the period 1 March 2017 till 28 July 2017 are damaged under the fire accident. In order to remove the limitation of scope of the transaction took place for the period from 1 March 2017 to 28 July 2017, the Company has substantially recovered supporting documents with the suppliers, staff, banks, government and landlord. The management believes that there is sufficient evidence regarding the transactions for the period 1 March 2017 till 28 July 2017.

Meanwhile, the Group will continue to control the costs and focus on existing resources to further strengthen and grow the agriculture business, both organically and through acquisitions when appropriate opportunities arise.

Money Lending Business

Given the current market conditions and increasingly stringent conventional bank lending requirements, licensed and non-bank money lenders provide another alternative for potential borrowers to obtain efficient and flexible liquidity solutions. This has driven an increase in demand for loan services in the money lending business, and creates a huge potential for the Group to further expand its money lending business segment.

Following the completion of the acquisition of Shengzhen Taihengfeng Technology Co. Ltd. and its subsidiaries (the "Taihengfeng Group") in November 2016, the Group expanded into the micro finance business sector in Shenzhen, the People's Republic of China (the "PRC") through the provision of personal loans and corporate loans services. The Taihengfeng Group has generated significant segment profits and contributed to the stability of the overall results of the Group during the Reporting Period.

During the Reporting Period, loan interest income and gross profit under money lending business amounted to approximately HK$37.1 million (2016: HK$12.4 million) and HK$36.2 million (2016: HK$10.8 million) respectively. Outstanding loan principal and interest receivables amounted to approximately HK$293.0 million (2016: HK$257.0 million). Interests of the loan receivables were charged at the rates ranging from 7.2% to 48.0% per annum.

In August 2017, the Company engaged Elite Partners Risk Advisory Services Limited ("Elite Partners Risk") as the internal control consultant, to perform an independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the money lending business in PRC. The audit committee (the "Audit Committee") and the Board, having discussed with Elite Partners Risk the internal control review report compiled by Elite Partners Risk, were reasonably satisfied that no material deficiencies or inadequacies existed or identified during the period from 1 January 2017 to 30 June 2017.

The Group will continue to develop its money lending business by retaining prudent credit control procedures and strategies to balance between business growth and risk management.

Results of Discontinued Operations

Securities Brokerage

The securities brokerage services ("Securities Brokerage Business") generated a revenue of approximately HK$1.2 million during the Reporting Period, which was insufficient to cover its expenses, resulting in a net loss of approximately HK$8.5 million.

Having considered that there is no clear potential for material improvement on the performance of the Securities Brokerage Business under the current operation scale, the Group believed that the disposal of the Securities Brokerage Business represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other profitable business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK$12 million. The Company is expected to record a gain on disposal in the amount of approximately HK$9.1 million and a loss from discontinued operations of approximately HK$8.5 million.

On 20 October 2017, the Group entered into a supplemental deed (the "Supplemental Deed") whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 3 months to a date falling on the expiration of 9 months from the date of the Agreement.

On 22 February 2018, the Group entered into a second supplemental deed (the "2nd Supplemental Deed") whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 11 months from the date of the Agreement.

Investment in Internet Finance Business in Mainland China

The Group owns 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, the revenue and net profit under internet finance business amounted to approximately HK$41.0 million and HK$21.7 million, respectively.

After the implementation of the rules on internet finance industry by the PRC government with its efforts in reforming the financial system, the internet finance industry has undergone the stable development stage. Given the challenges and opportunities on internet finance industry, GLQH developed new businesses including but not limited to boosting the development progress of internet financial platform, providing management consultancy, marketing strategy, information technology support and data processing services in order to diversify the income stream and bring higher returns to shareholders.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a turnover of approximately HK$82.7 million, a decrease of 10.7% from HK$92.6 million for the Corresponding Period. The Group recorded a gross profit of approximately HK$44.4 million as compared with a gross profit of approximately HK$26.7 million for the Corresponding Period.

The improvement of the profitability for the Reporting Period is mainly attributable to the continuous growth and expansion of the money lending business in Mainland China.

Administrative expenses decreased by approximately HK$36.5 million to HK$75.3 million (2016: HK$111.8 million). Excluding the equity-settled share-based payment of approximately HK$24.6 million (2016: HK$72.7 million), the adjusted administrative expense increased by HK$11.6 million to approximately HK$50.7 million (2016: HK$39.1 million). The increase comprised increase of approximately HK$3.6 million in salary mainly due to the growth and expansion of micro finance business in PRC, approximately HK$2.3 million in other professional expense and approximately HK$1.6 million in provision of bad debts. Selling and distribution expenses decreased by approximately HK$1.1 million to approximately HK$17.6 million (2016: HK$18.7 million). Such improvement is mainly attributable to decrease of HK$0.4 million in staff cost.

Other operating expenses decreased from HK$407.6 million to HK$43.4 million. Such significant decrease in the operating expenses was attribute to the absence of material expenses (including loss on expiration of other financial asset of approximately HK$215.5 million; impairment of investment in associate of approximately HK$95.8 million; loss of approximately HK$36.2 million as a result of early redemption of the promissory notes; and exchange loss of approximately HK$8.9 million) in the Reporting Period as compared to the Corresponding Period. Other operating expenses for the Reporting Period were mainly attributable to the impairment of goodwill of micro finance business in Mainland China of approximately HK$17.6 million, the impairment for property, plant and equipment of approximately HK$13.1 million, and the impairment of trade and other receivable of approximately HK$10.6 million.

The net loss of the Group for the Reporting Period was HK$72.9 million as compared to a net loss of HK$520.7 million for the Corresponding Period. Such loss for the Reporting Period was mainly due to (i) the impairment of goodwill in relation to the acquisition of micro finance business in China of approximately HK$17.6 million; (ii) the recognition of impairment losses for property, plant and equipment of approximately HK$13.1 million; (iii) the impairment of trade and other receivables of approximately HK$10.6 million; (iv) loss from discontinued operations of approximately HK$8.5 million; and (v) the operating loss from agricultural business.

The adjusted LBITDA[1] for the Reporting Period decreased from HK$23.9 million to HK$20.5 million when compared with the Corresponding Period. Such improvement for the year ended 31 December 2017 is mainly attributable to improvement on gross profit of money lending business in China.

Liquidity and Financial Resources

Except for equity fund raising from the Company, the Group mainly finances its business operations with internally generated cash flows and general banking facilities.

As at 31 December 2017, the Group had bank balances and cash of HK$10.2 million (2016: HK$18.1 million). The Group's quick ratio (measured as total current assets less inventories, biological assets, deposits and prepayments and other financial asset divided by total current liabilities) was approximately 2.3 times (2016: 3.2 times).

As at 31 December 2017, the total borrowings of the Group amounted to HK$75.7 million of which, HK$0.4 million were secured by motor vehicles of the Group. As at 31 December 2016, the total borrowings of the Group amounted to HK$60.9 million of which, HK$19.4 million were secured by several properties and motor vehicles of the Group. The borrowings in the amount of HK$75.4 million (2016: HK$38.6 million) were repayable within one year.

The adjusted LBITDA[1] represents loss before net finance income and costs; income tax expense; depreciation and amortisation; impairment losses of investment in associate, goodwill, property, plant and equipment, other receivables and inventories, loss on early redemption of promissory notes; loss on expiration of other financial asset and recognition of share-based payment expenses.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$1.5 million (2016: HK$1.0 million) in respect of acquisition of property, plant and equipment. The Group had commitments for future minimum lease payments under non-cancellable operating leases of HK$79.9 million (2016: HK$102.2 million). Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated with rental fixed terms of 1 to 26 years.

Capital Structure & Gearing Ratio

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

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

During the Reporting Period, the Company issued and allotted a total of 687,121,565 Shares of HK$0.01 each upon the exercise of a total of 687,121,565 share options granted by the Company. Share premium increased by approximately HK$37.6 million accordingly.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$75.7 million (2016: HK$60.9 million). The Group's interest rate risk primarily relates to the interest-bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

As at 31 December 2017, the net debt to adjusted equity ratio was 0.20 (2016: 0.12). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2017 was 0.23 (2016: 0.17), which was measured as total debt to total shareholders' equity.

Significant Investments

During the Reporting Period, the Group did not have any significant investments.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

The Group did not have material acquisition or disposals of subsidiaries and associated companies except the disclosure under section headed "Results of Discontinued Operations – Securities Brokerage" during the year ended 31 December 2017.

Charges On Group's Assets

As at 31 December 2017, no leasehold land and buildings were pledged to secure banking facilities granted to the Group (2016: HK$6.2 million).

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in Hong Kong dollars and Renminbi. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

Contingent Liabilities

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

Employee and Remuneration Policy

As at 31 December 2017, the total employees in Hong Kong and Mainland China dropped from 271 to 245 mainly due to cost minimising and group restructuring during the year. Total staff costs (including Directors' remuneration and excluding the staff costs from discontinued operations) for the year ended 31 December 2017 amounted to HK$69.8 million (2016: HK$104.0 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's agriculture business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in Mainland China and Hong Kong.

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

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

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the financial year of 2017, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Following the retirement of Ms. Tang Shui Man at the annual general meeting of the Company (the "AGM") held on 16 June 2017, she also ceased to be a member and the chairlady of the Audit Committee, a member and the chairlady of Corporate Governance Committee, a member of the Remuneration Committee and a member of the Nomination Committee of the Company. As a result, the chairman of the Audit Committee became vacant, and the Audit Committee did not have a minimum of three members and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules. Further, the Remuneration Committee and the Nomination Committee did not have a majority of independent non-executive directors, as required under Rule 3.25 of the Listing Rules and the Code Provision A.5.1 as set out in Appendix 14 of the Listing Rules respectively. After the changes to the composition of the Board of Directors of the Company as mentioned above, the Company has two independent non-executive directors, which fell below the minimum number, qualification and proportion required under Rule 3.10(1), Rule 3.10(2) and Rule 3.10A of the Listing Rules respectively. Following the announcement of the Company made on 3 July 2017 regarding the appointment of Ms. Li Yang as an Independent Non-Executive Director of the Company and a member of each of the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of the Board and the chairlady of the Audit Committee and Corporate Governance Committee of the Board, the Company has complied with Rule 3.10(1), Rule 3.10(2), Rule 3.10A, Rule 3.21 and Rule 3.25 of the Listing Rules, and Code Provision A.5.1 of the CG Code.

Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established set out in writing. Mr. LIN Yuhao is the chairman (the "Chairman") of the Board while Mr. YAU Yik Ming Leao is the chief executive officer of the Company and served as deputy chairman from 9 December 2017 until 7 July 2017. The Chairman and chief executive officer are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. The Chairman provides leaderships to the Board in terms of formulating policies and strategies, and discharges those duties set out in Code Provision A.2 of the CG Code. The chief executive officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations. The deputy chairman shall preside at the meetings of the Board in the absence of the Chairman. Following the resignation of Mr. YAU Yik Ming Leao as the deputy chairman of the Company on 7 July 2017, Code Provision A.2.1 of the CG Code has been complied with.

Code Provision A.2.7 of the CG Code provides that the Chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. For the year ended 31 December 2017, a formal meeting was not arranged between the Chairman and the non-executive Directors (including independent nonexecutive Directors) without the executive Directors present due to the tight schedules of the Chairman and the independent non-executive Directors. Although such meeting was not held, the Chairman has delegated the company secretary of the Company to gather any concerns and/or questions that the independent non-executive Directors might have and report to him for arranging follow-up meetings, where necessary.

Under the Code Provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Mr. LI Shaohua, Ms. TANG Shui Man and Ms. ZHU Rouxiang, the independent non-executive Directors, were unable to attend the AGM of the Company held on 16 June 2017.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the year of 2017. The key corporate governance principles and practices of the Company are summarised in this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising three independent non-executive Directors, namely Ms. LI Yang (Chairlady of Committee), Mr. LI Shaohua and Ms. ZHU Rouxiang, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 12 June 2018 to Friday, 15 June 2018, both days inclusive, during the period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2018 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Monday, 11 June 2018.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.cfih.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2017 will be dispatched to the shareholders of the Company and will be available at the above websites in due course.

By order of the Board
China Finance Investment Holdings Limited
LIN Yuhao
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the board of directors of the Company comprises seven directors, including three executive directors, namely Mr. Yau Yik Ming Leao, Ms. Diao Hong and Ms. Diao Jing; one non-executive director, namely Mr. Lin Yuhao and three independent non-executive directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang.