FOREBASE INTERNATIONAL HOLDINGS LIMITED
申基國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 2310)

2017 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Forebase International Holdings Limited (the "Company") hereby announces the consolidated annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	**2017** ***HK$'000***	2016 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**87,588**	84,943
Direct costs		**(55,463)**	(53,474)
Gross profit		**32,125**	31,469
Other income	*6*	**3,992**	7,203
Administrative expenses		**(46,847)**	(39,104)
Finance costs	*7*	**(7,104)**	(17,902)
Loss before income tax	*8*	**(17,834)**	(18,334)
Income tax expenses	*9*	**(4,912)**	(7,849)
Loss from continuing operations		**(22,746)**	(26,183)
Discontinued operations			
Profit from discontinued operations	*17*	**14,217**	109
Loss for the year		**(8,529)**	(26,074)

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Loss for the year		**(8,529)**	(26,074)
Other comprehensive income/(expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**5,783**	(4,167)
Reclassification adjustments for the cumulative gain transferred to profit or loss:			
Exchange differences released upon disposal of subsidiaries		**739**	319
Other comprehensive income/(expense) for the year		**6,522**	(3,848)
Total comprehensive expense attributable to the equity shareholders of the Company for the year		**(2,007)**	(29,922)
(Loss)/Earnings per share	*11*	***HK cents***	*HK cents*
Basic and diluted			
– from continuing operations		**(4.98)**	(6.44)
– from discontinued operations		**3.11**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**92,846**	103,649
Club memberships		–	600
Intangible assets	*12*	**34,591**	39,153
Other non-current assets		**4,084**	–
		131,521	143,402
Current assets			
Inventories		**1,524**	32,048
Trade and other receivables	*13*	**32,792**	88,379
Restricted bank deposits		–	3,090
Short-term bank deposit with original maturity more than three months		–	1,000
Bank balances and cash		**13,027**	52,795
		47,343	177,312
Current liabilities			
Trade and other payables	*14*	**14,573**	148,961
Amounts due to related companies		**3,590**	3,974
Current taxation		**10,478**	6,214
Obligation under finance leases		–	156
Secured loans	*15*	**2,059**	1,933
		30,700	161,238
Net current assets		**16,643**	16,074
Total assets less current liabilities		**148,164**	159,476

	Note	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital		**292,462**	292,462
Reserves		**(286,217)**	(286,949)
Total equity attributable to equity shareholders of the Company		**6,245**	5,513
Non-current liabilities			
Amount due to a director		**45,961**	68,325
Deferred tax liabilities		**6,989**	7,673
Secured loans	*15*	**38,969**	37,965
Bonds	*16*	**50,000**	40,000
		141,919	153,963
		148,164	159,476

Notes:

1. GENERAL

Forebase International Holdings Limited (the "Company") was incorporated in Hong Kong with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company is Room 3805, 38/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

In the opinion of the directors of the Company, the Company is controlled by Ultra Harvest Limited ("Ultra Harvest"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability, which is also the ultimate holding company of the Company and Mr. Shen Yong, the Chairman of the Company, is the ultimate controlling party of the Company.

The Company is an investment holding company and the principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are hotel operation in Canada and properties management in the People's Republic of China (the "PRC"). The Group has discontinued its manufacturing and sale of electronics components business during the year.

The functional currency of the Company is Hong Kong dollar ("HK$") and the functional currencies for certain subsidiaries are Renminbi ("RMB") and Canadian dollar ("CAD"). For the purposes of presenting the consolidated financial statements, the Group adopted HK$ as its presentation currency as its shares are listed in Hong Kong.

The financial information relating to the years ended 31 December 2017 and 2016 included in this announcement of 2017 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION

The annual 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 requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The HKICPA has issued certain new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2017

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to HKAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 "Statement of Cash Flows: Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of the consolidated financial statements, the Group has not early applied the following new and amended HKFRSs which are relevant to the Group's operations that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Share-based Payment: Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods begining on or after 1 January 2018
2 Effective for annual periods begining on or after 1 January 2019

The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's results of operations and financial position, except for the following:

HKFRS 9 "Financial Instruments" ("HKFRS 9")

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. Expected impacts of the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI").

Based on a preliminary assessment, the Group expects that its financial assets currently measured at amortised cost will continue with their classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. The Group has assessed that the change in policy is not likely to have significant impact on the Group's consolidated financial statements based on a preliminary assessment.

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

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 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 or services. Specifically, the standard introduces a 5-step 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Group anticipate that the application of HKFRS 15 in the future may result in more disclosures. However, the directors of the Group do not anticipate the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 will replace HKAS 17 "Leases" and the related interpretations. Currently the Group classifies leases into operating leases. Once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for premises which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$6,709,000, the majority of which is payable either between 1 and 3 years after the end of the reporting period. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its consolidated financial statements for the year ending 31 December 2018.

4. REVENUE

The Group's principal activities are disclosed in note 1.

Revenue from the Group's principal activities recognised during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Hotel operation income	**42,874**	42,217
Properties management income	**44,714**	42,726
	87,588	84,943

5. SEGMENT INFORMATION

The Group is principally engaged in hotel operation and provision of properties management services. The Group's reportable and operating segments, based on information reported to the Chief Executive Officer, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on goods or services provided are as follows:

Continuing operations

(1) Hotel operation

Operation of a resort in Canada.

(2) Properties management

Properties management in the PRC.

Discontinued operations

(3) Electronic components

Sales and manufacture of electronic components for electronic appliances and communication equipment.

(4) Properties development

Properties development in the PRC.

No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable and operating segments of the Group.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

For the purposes of monitoring segment performances and allocating resources between segments for the years ended 31 December 2017 and 2016:

- all assets are allocated to reportable segments other than restricted bank deposits, short-term bank deposit with original maturity more than three months, bank balances and cash, club memberships, amount due from a related company and unallocated head office and corporate assets; and

- all liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities, obligation under finance leases, deferred tax liabilities, amount due to a director, secured loans and bonds.

(a) The following is an analysis of the Group's revenue, results and other material items by reportable and operating segments:

2017	**Continuing operations**			**Discontinued operations**	
	Hotel Operation	**Properties management**	**Sub-total**	**Electronic components**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	**42,874**	**44,714**	**87,588**	**100,114**	**187,702**
Segment profit/(loss) derived from the Group's external customers	**876**	**4,622**	**5,498**	**(32,734)**	**(27,236)**
Finance costs	**(1,894)**	**–**	**(1,894)**	**–**	**(1,894)**
Depreciation	**(3,251)**	**(61)**	**(3,312)**	**(2,698)**	**(6,010)**
Interest income	**15**	**8**	**23**	**24**	**47**
Amortisation	**–**	**(4,562)**	**(4,562)**	**–**	**(4,562)**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**152**	**152**
Allowance for doubtful debts	**–**	**(5,389)**	**(5,389)**	**–**	**(5,389)**
Reversal of allowance for doubtful debts	**–**	**–**	**–**	**46**	**46**
Allowance for inventories	**–**	**–**	**–**	**(724)**	**(724)**
Reversal of allowance for inventories	**–**	**–**	**–**	**271**	**271**
Segment assets	**96,515**	**65,216**	**161,731**	**–**	**161,731**
Additions to non-current segment assets during the year	**4,027**	**4,129**	**8,156**	**–**	**8,156**
Segment liabilities	**5,736**	**10,654**	**16,390**	**–**	**16,390**

(a) The following is an analysis of the Group's revenue, results and other material items by reportable and operating segments *(Continued)*:

2016	Continuing operations			Discontinued operations		
	Hotel Operation *HK$'000*	Properties management *HK$'000*	Sub-total *HK$'000*	Electronic components *HK$'000* (Restated)	Properties development *HK$'000*	Total *HK$'000*
Revenue from external customers	42,217	42,726	84,943	225,204	–	310,147
Segment profit/(loss) derived from the Group's external customers	3,953	8,870	12,823	(54,166)	(370)	(41,713)
Finance costs	(570)	–	(570)	–	–	(570)
Depreciation	(2,800)	(48)	(2,848)	(6,668)	(16)	(9,532)
Interest income	20	14	34	82	–	116
Amortisation	–	(4,562)	(4,562)	–	–	(4,562)
Gain on disposal of property, plant and equipment	–	–	–	585	–	585
Allowance for doubtful debts	–	–	–	(277)	–	(277)
Reversal of allowance for doubtful debts	–	–	–	189	–	189
Allowance for inventories	–	–	–	(900)	–	(900)
Reversal of allowance for inventories	–	–	–	1,199	–	1,199
Segment assets	87,747	69,110	156,857	104,831	–	261,688
Additions to non-current segment assets during the year	239	131	370	1,712	–	2,082
Segment liabilities	5,306	10,185	15,491	134,371	–	149,862

(b) Reconciliation of reportable segment profit or loss, assets and liabilities:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit from continuing operations		
Segment profit	**5,498**	12,823
Interest income	**1**	10
Gain on initial recognition of amount due to a director	**3,790**	6,688
Depreciation	**(148)**	(152)
Other finance costs	**(5,210)**	(17,332)
Unallocated head office and corporate expenses	**(21,765)**	(20,371)
Consolidated loss before income tax	**(17,834)**	(18,334)

	2017	2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**161,731**	261,688
Restricted bank deposit	**–**	3,090
Short-term bank deposit with original maturity more than three months	**–**	1,000
Bank balances and cash	**13,027**	52,795
Club memberships	**–**	600
Amount due from a related company	**2,522**	–
Unallocated head office and corporate assets	**1,584**	1,541
Consolidated total assets	**178,864**	320,714

	2017	2016
	HK$'000	*HK$'000*
Liabilities		
Reportable segment liabilities	**16,390**	149,862
Obligation with finance leases	**–**	156
Amount due to a director	**45,961**	68,325
Bonds	**50,000**	40,000
Secured loans	**41,028**	39,898
Deferred tax liabilities	**6,989**	7,673
Unallocated head office and corporate liabilities	**12,251**	9,287
Consolidated total liabilities	**172,619**	315,201

Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, club memberships and other non-current assets and the location of the operation to which they are allocated, in the case of intangible assets. The Group's operations are principally located in Hong Kong, Canada and the PRC (excluding Hong Kong).

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
Hong Kong	**–**	–	**61**	2,494
The PRC (excluding Hong Kong)	**44,714**	42,726	**38,829**	55,844
Canada	**42,874**	42,217	**92,631**	85,064
	87,588	84,943	**131,521**	143,402

There is no single external customer contributed over 10% of the total revenue of the Group from continuing operations for the years ended 31 December 2017 and 2016.

6. OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Interest income from bank deposits	**24**	44
Gain on amount due to a director stated at fair value upon initial recognition	**3,790**	6,688
Others	**178**	471
	3,992	7,203
Discontinued operations		
Interest income from bank deposits	**24**	82
Gain on disposal of property, plant and equipment	**152**	585
Government grants	**1,387**	2,982
Reversal of allowance for doubtful debts	**46**	189
Written back of trade payables	**5,779**	–
Reversal of allowance for inventories	**271**	1,199
Others	**2,416**	114
	10,075	5,151

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Interests on:		
– Finance leases	**4**	12
– Secured loans	**1,894**	10,077
– Bonds	**2,837**	4,550
– Imputed interest on amount due to a director	**2,369**	3,263
	7,104	17,902

8. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Auditor's remuneration	**820**	880
Operating lease charges: minimum lease payments#	**2,423**	2,391
Staff costs (including directors' remuneration)#	**46,733**	44,666
– salaries, wages, allowances, long service payments and other benefits in kind	**41,380**	40,939
– retirement schemes contributions	**2,614**	2,493
– Equity-settled share-based payment expenses	**2,739**	1,234
Cost of inventories	**8,254**	7,518
Net foreign exchange (gain)/loss	**(2)**	63
Depreciation	**3,460**	3,000
Allowance for doubtful debts	**5,389**	–
Amortisation of intangible assets *(note 12)*	**4,562**	4,562
Discontinued operations		
Operating lease charges: minimum lease payments	**2,885**	6,182
Staff costs (including directors' remuneration)	**27,027**	75,966
– salaries, wages, allowances, long service payments and other benefits in kind	**25,755**	72,502
– retirement schemes contributions	**1,272**	3,464
Cost of inventories	**88,519**	149,872
Net foreign exchange (gain)/loss	**(82)**	156
Reversal of allowance for doubtful debts	**(46)**	(189)
Allowance for doubtful debts	**–**	277
Allowance for inventories	**724**	900
Reversal of allowance for inventories	**(271)**	(1,199)
Depreciation	**2,698**	6,684

Minimum lease payments include an amount of approximately HK$1,052,000 (2016: HK$1,497,000) for staff quarters which is also included and disclosed in staff costs.

9. INCOME TAX EXPENSES

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
PRC Corporate Income Tax		
Provision for the year	**5,596**	7,116
Deferred tax	**(684)**	733
	4,912	7,849

Notes:

(a) No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group had no assessable profit in Hong Kong for the years ended 31 December 2017 and 2016.

(b) Provision for the PRC Corporate Income Tax are calculated at 25% of the estimated assessable profits for both years ended 31 December 2017 and 2016.

(c) Provision for the PRC Corporate Income Tax for Nuofute Property Management Co., Ltd* 重慶諾富特物業管理有限公司 ("Nuofute Property Management") is calculated at 15% of the estimated assessable profits for both years ended 31 December 2017 and 2016. Nuofute Property Management is qualified as a company under the development strategy of the PRC's western region and was able to enjoy a preferential income tax rate of 15%.

(d) Canadian Corporation Tax is calculated at Federal tax rate of 15% and British Columbia provincial tax rate of 11% on the estimated assessable profits for the years ended 31 December 2017 and 2016. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2017 and 2016.

(e) Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

* *for identification purpose only.*

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2017 and 2016, nor has any dividend been proposed since the end of the reporting period.

11. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share		
(Loss)/profit for the year attributable to equity shareholders of the Company		
– from continuing operations	**(22,746)**	(26,183)
– from discontinued operations	**14,217**	109
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares as at 31 December	**456,409**	406,444

Diluted (loss)/earnings per share for the years ended 31 December 2017 and 2016 equate the basic (loss)/earnings per share as the Group's share options were not included in the calculation of diluted (loss)/earnings per share because they are anti-dilutive.

12. INTANGIBLE ASSETS

	Customers relationship
	HK$'000
Cost	
As at 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	45,616
Amortisation	
As at 1 January 2016	1,901
Charges for the year	4,562
As at 31 December 2016 and 1 January 2017	6,463
Charges for the year	4,562
As at 31 December 2017	**11,025**
Carrying values	
As at 31 December 2017	**34,591**
As at 31 December 2016	**39,153**

The amortisation charge for the year is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income. The customers relationship was acquired from third parties through business combinations. It was amortised on a straight-line basis over 10 years. The remaining useful live of the intangible assets was 8 years. Management of the Group considered that no impairment of intangible assets is necessary as at 31 December 2017 and 2016.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables *(note a)*		
– with third parties	**7,142**	58,174
– with related companies	**24,555**	22,276
	31,697	80,450
Less: allowance for doubtful debts *(note b)*	**(5,610)**	(10,956)
	26,087	69,494
Deposits and other receivables	**2,651**	17,059
Amount due from a related company	**2,522**	–
Prepayments	**1,532**	1,826
Total trade and other receivables	**32,792**	88,379

The amount of deposits and other receivables expected to be recovered after more than one year is HK$Nil (2016: HK$2,455,000). All of the other trade and other receivables, apart from those mentioned are expected to be recovered within one year.

(a) Trade receivables

The Group does not hold any collateral or other credit enhancements over its trade receivables.

The Group allows an average credit period of 0 to 30 days to its trade customers. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised.

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**2,926**	52,565
91 to 180 days	**3,292**	7,952
181 to 365 days	**6,604**	7,890
Over 365 days	**13,265**	1,087
	26,087	69,494

(b) Impairment on trade receivables

Impairment loss in respect of trade receivables is recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movements in allowance for doubtful debts recognised during the year are as follows:

	2017	2016
	HK$'000	*HK$'000*
As at 1 January	**10,956**	10,871
Exchange adjustments	**221**	(3)
Allowance for doubtful debts	**5,389**	277
Reversal of allowance for doubtful debts	**(46)**	(189)
Reversal of allowance for doubtful debts through disposal of subsidiaries	**(10,910)**	–
As at 31 December	**5,610**	10,956

At 31 December 2017, the Group's trade receivables of approximately HK$5,610,000 (2016: HK$10,956,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, allowance for doubtful debts of HK$5,389,000 (2016: HK$277,000) were recognised during the year ended 31 December 2017.

(c) Trade receivables that are not impaired

The aging analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**833**	42,384
Within 30 days past due	**274**	5,291
Over 31 days but within 90 days past due	**1,819**	7,607
Over 91 days but within 365 days past due	**9,896**	13,922
Over 365 days past due	**13,265**	290
Total	**26,087**	69,494

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**1,903**	79,295
Advanced from third parties	**–**	34,348
Accrued expenses and other payables	**12,670**	35,318
	14,573	148,961

The following is an ageing analysis of trade payables, based on the invoice date, at the end of the reporting period.

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**1,878**	43,516
91 to 180 days	**18**	3,796
181 to 365 days	**5**	8,819
Over 365 days	**2**	23,164
	1,903	79,295

The average credit period on purchases of goods is 0 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

15. SECURED LOANS

As at 31 December 2017, the secured loans were repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year – current portion	**2,059**	1,933
Non-current portion		
After one year but within two years	**2,180**	2,025
After two years but within five years	**7,288**	6,671
After five years	**29,501**	29,269
	38,969	37,965
	41,028	39,898

In September 2016, the Company signed two mortgage loans facilities with an aggregate principal amount of CAD 7,000,000 (equivalent to approximately HK$41,300,000). The mortgage loans facilities are secured by land and buildings held for own use with carrying amount of approximately HK$90,023,000 (2016: HK$82,539,000) repayable within fifteen years and bear an interest rate of 2% plus prime rate per annum and guaranteed by the director, Mr. Shen Ke. The loan facilities will be reviewed periodically until maturity date. In the opinions of the directors of the Company, the effective interest rate of the secured loans approximated to the interest rate of 4.8% (2016: 4.7%) per annum for the year ended 31 December 2017.

16. BONDS

	2017	2016
	HK$'000	*HK$'000*
Bonds carried at fixed coupon rate of 6% per annum *(note (a))*	**20,000**	20,000
Bonds carried at fixed coupon rate of 8% per annum *(note (b))*	**20,000**	20,000
Bonds carried at fixed coupon rate of 3% per annum *(note (c))*	**10,000**	–
	50,000	40,000

Notes:

(a) The Company entered into two placing agreements with a placing agent issued two 6% coupon unlisted bonds on 6 August 2014 and 10 October 2014 with the aggregate principal amount of HK$10,000,000 each within the placing period. The amounts are repayable within 96 months from the date of issue, which are 5 August 2022 and 9 October 2022 respectively.

(b) The Company issued two 8% coupon unlisted bonds with the aggregate principal amount of HK$10,000,000 each on 23 January 2015 and 1 June 2015 respectively. The amounts are repayable within 96 months and 60 months respectively from the date of issue, which are 22 January 2023 and 31 May 2020 respectively.

(c) The Company issued a 3% coupon unlisted bond with the principal amount of HK$10,000,000 on 1 December 2017 to the Company's director, Mr. Shen Ke. The amount is repayable within 84 months from the date of issue, which is 30 November 2024.

17. DISPOSAL OF SUBSIDIARIES WITH LOSS OF CONTROL

	Note	**2017**	2016
		HK$'000	*HK$'000*
Loss from discontinued operations			
– Electronic components	*(a)*	**(33,182)**	(56,037)
– Properties development	*(b)*	**–**	(370)
		(33,182)	(56,407)
Gain on disposal of subsidiaries			
– Electronic components	*(a)*	**47,399**	–
– Properties development	*(b)*	**–**	56,516
Profit from discontinued operations		**14,217**	109

(a) Disposal of Kwang Sung Electronics Holdings Limited

In May 2017, the Group disposed of its entire equity interest in Kwang Sung Electronics Holdings Limited and its subsidiaries (collectively as "Kwang Sung Group") to an independent third party, at a total cash consideration of HK$3,000,000. Kwang Sung Group carried out all of the Group's electronic components business. The disposal was completed on 16 June 2017. Please refer to the Company's announcement dated 16 June 2017.

	2017
	HK$'000
Total consideration received	3,000
Analysis of assets and liabilities over which control was lost	
Bank balances and cash	14,295
Property, plant and equipment	15,915
Club memberships	600
Inventories	37,463
Trade and other receivables	58,355
Trade and other payables	(171,766)
Amount due from holding company	14,136
Net liabilities disposed of	(31,002)
Gain on disposal of subsidiaries	
Total cash consideration	3,000
Less:	
– Net liabilities disposed of	(31,002)
– Novation of amount due from holding company	(14,136)
– Exchange difference released upon disposal of subsidiaries	739
Gain on disposal of subsidiaries	47,399
Net cash outflow arising from the disposal:	
Cash consideration received	3,000
Cash and cash equivalents disposed of	(14,295)
Outflows of cash and cash equivalents in respect of disposal of subsidiaries	(11,295)

(a) Disposal of Kwang Sung Electronics Holdings Limited *(Continued)*

The loss from Kwang Sung Group for the current and preceding year are analysed as follows:

	From 1 January to 16 June 2017	**Year ended 31 December 2016**
	HK$'000	***HK$'000***
Revenue	**100,114**	225,204
Cost of Sales	**(130,226)**	(259,524)
Gross loss	**(30,112)**	(34,320)
Other income	**10,075**	5,151
Selling and distribution expenses	**(4,682)**	(9,486)
Administrative expenses	**(5,985)**	(12,506)
Research and development expenses	**(1,639)**	(2,341)
Other operating expenses	**(391)**	(664)
Loss before income tax	**(32,734)**	(54,166)
Income tax expenses	**(448)**	(1,871)
Loss for the year	**(33,182)**	(56,037)

Net cashflows attributable to Kwang Sung Group is set out as follows:

	2017	2016
	HK$'000	*HK$'000*
Net cash used in operating activities	**(4,837)**	(7,934)
Net cash generated from investing activities	**1,709**	4,301
Net cash outflows for the year	**(3,128)**	(3,633)

(b) Disposal of Best Dollar International Limited

On 15 April 2016, the Group disposed of its entire equity interest in Best Dollar International Limited and its subsidiaries (collectively as "Best Dollar Group") to an independent third party, at a total cash consideration of HK$50,000,000. Best Dollar Group carried out all of the Group's properties development business, the discontinued operation. The disposal was completed on 15 April 2016.

	2016
	HK$'000
Total consideration received	50,000
Analysis of assets and liabilities over which control was lost	
Bank balances and cash	430
Property, plant and equipment	177
Properties under development	135,371
Deposits, prepayment and other receivables	610
Trade and other payables	(45,689)
Amounts due to related companies	(97,734)
Net liabilities disposed of	(6,835)
Gain on disposal of subsidiaries	
Total cash consideration	50,000
Less:	
– Net liabilities disposed of	(6,835)
– Exchange difference released upon disposal of subsidiaries	319
Gain on disposal of subsidiaries	56,516
Net cash inflow arising from the disposal:	
Cash consideration received	50,000
Cash and cash equivalents disposed of	(430)
Inflows of cash and cash equivalents in respect of disposal of subsidiaries	49,570

(b) Disposal of Best Dollar International Limited *(Continued)*

The loss from Best Dollar Group is analysed as follows:

	From 1 January to 15 April 2016 *HK$'000*
Other income	–
Administrative expenses	(370)
Loss before income tax	(370)
Income tax expenses	–
Loss for the year	(370)

Net cashflows attributable to Best Dollar Group is set out as follows:

	2016 *HK$'000*
Net cash used in operating activities	(14)
Net cash used in investing activities	(127)
Net cash outflows for the year	(141)

18. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding as at 31 December 2017 not provided for in the consolidated financial statements are as follows:

	2017 ***HK$'000***	2016 *HK$'000*
Contracted for	**44,501**	–

The capital commitments presented above mainly included the capital commitment for the acquisition of an investment. The Group had entered into a sale and purchase agreement with an independent third party to acquire 49% issued share capital of Triple Market Limited and its subsidiaries ("Target Group"), at a total consideration of approximately HK$42,581,000 in November 2017. The Target Group is principally engaged in investment holding in a property in Chongqing.

The transaction was completed on 6 March 2018 and the consideration was satisfied by way of allotment and issue of 90,000,000 new shares of the Company at HK$0.36 each, and by way of issue of convertible bonds of HK$10,181,000.

(b) Operating lease commitments

As at 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within one year	**1,850**	6,716
In the second to fifth years inclusive	**4,859**	2,252
	6,709	8,968

Operating lease payments represent rentals payables by the Group for certain of its office premises. Leases are negotiated for an average term of 3 years (2016: 5 years) for the Group. None of the leases includes contingent rentals.

19. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Group had entered into a sale and purchase agreement with an independent third party to acquire 49% issued share capital of the Target Group at a total consideration of approximately HK$42,581,000 in November 2017. The transaction was completed on 6 March 2018 and the consideration was satisfied by way of allotment and issue of 90,000,000 new shares of the Company at HK$0.36 each, and by way of issue of convertible bonds of HK$10,181,000.

20. COMPARATIVE FIGURES

As a result of the discontinued operations, certain comparative figures have been reclassified to conform to current year's presentation.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the year.

The work performed by the Auditor 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 the Auditor on the preliminary announcement.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31 December 2017 (2016: HK$Nil). The Group's long-term dividend policy is to distribute not less than 30% of its net profit as dividend each financial year, and the Board will review this dividend policy from time to time to ensure optimal returns to shareholders.

ANNUAL GENERAL MEETING

The annual general meeting (the "AGM") will be held at Board Room, Level 1, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Tuesday, 29 May 2018 at 2:30 p.m. The Notice of AGM will be published on the websites of the Company at www.forebase.com.hk and the Stock Exchange at www.hkexnews.hk, and is intended to be despatched to shareholders on or before Friday, 27 April 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 24 May 2018 to Tuesday, 29 May 2018, both days inclusive, during which period, no transfer of shares will be registered. To be eligibility for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 23 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Segment Information

Revenue represents hotel operating income and property management income. Revenue increased by 3.1% to approximately HK$87,588,000 from approximately HK$84,943,000 in 2016 was mainly attributable to the increase in property management income during the year.

Direct Costs

Direct costs increased by approximately HK$1,989,000 or 3.7% to approximately HK$55,463,000 which was in line with the increase in revenue.

Gross Profit

Gross profit increased by approximately HK$656,000 on 2.1% which was in line with the increase in revenue.

Other Income

Other income decreased by approximately HK$3,211,000 from approximately HK$7,203,000 in 2016 to approximately HK$3,992,000 in 2017. The decrease was mainly due to the decrease in gain on amount due to a director stated at fair value upon initial recognition.

Administrative Expenses

Administrative expenses increased by approximately HK$7,743,000 from approximately HK$39,104,000 in 2016 to approximately HK$46,847,000 in 2017. The increase was due to an allowance for doubtful debts on trade receivables of HK$5,389,000 was incurred during the year.

Finance Costs

The Group's finance costs during the year amounted to HK$7,104,000 (2016: HK$17,902,000) due to a refinance of secured loan in September 2016 at a lower interest rate.

Taxation

Income tax expense decreased from approximately HK$7,849,000 in 2016 to approximately HK$4,912,000 in 2017 was mainly attributable to the decrease in provision for PRC Corporate Income Tax of approximately HK$1,520,000 as a result of the decrease in taxable profit of the property management segment.

Loss for the Year

As a result of the foregoing combined effects of the above, the Group recorded a net loss of approximately HK$8,529,000.

Liquidity and Financial Resources

As at 31 December 2017, the Group's net current assets and current ratio were approximately HK$16,643,000 and 1.54 respectively (2016: HK$16,074,000 and 1.1 respectively).

As at 31 December 2017, the Group's bank balances and cash amounted to approximately HK$13,027,000 (2016: approximately HK$52,795,000).

Charge on Assets

As at 31 December 2017, the Group's land and buildings held for own use of approximately HK$90,023,000 (2016: HK$82,539,000) were pledged to secure banking facilities granted to the Group.

Capital Structure

For the year ended 31 December 2017, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, bank borrowings, secured loans, bonds and advances from a director.

Commitment and Contingent Liabilities

As at 31 December 2017, the Group had capital commitments of approximately HK$44,501,000 (2016: HK$Nil) mainly attributable to the capital commitment for the acquisition of an investment. The Group had entered into a sale and purchase agreement with an independent third party to acquire 49% issued share capital of Triple Market Limited and its subsidiaries ("Target Group"), at a total consideration of approximately HK$42,581,000 in November 2017. The Target Group is principally engaged in investment holding in a property in Chongqing.

The transaction was completed on 6 March 2018 and the consideration was satisfied by way of allotment and issue of 90,000,000 new shares of the Company at HK$0.36 each, and by way of issue of convertible bonds of HK$10,181,000.

As at 31 December 2017, the Group had operating lease commitments of approximately HK$6,709,000 (2016: HK$8,968,000) and did not have any significant contingent liabilities.

BUSINESS REVIEW

Hotel Operation Business

Revenue from hotel operation accounted for approximately 48.9% of the total revenue. For the year 2017, the hotel achieved occupancy of 77.9% (2016: 77.4%) and room revenue increased by 2.6% in 2017. However, the growth in room revenue was offset by the decrease in revenue of other hotel related services. The revenue was increased by approximately HK$657,000 from approximately HK$42,217,000 in 2016 to approximately HK$42,874,000 in 2017.

Property Management Business

Revenue from property management business amounted to approximately HK$44,714,000, representing an increase of 4.7% comparing to approximately HK$42,726,000 in 2016. The increase was due to the increase in areas under management from approximately 495,000 square metres in 2016 to approximately 507,000 square metres in 2017. The segmental revenue accounted for approximately 51.1% of the total revenue of the Group.

Net Gearing Ratio

The net gearing ratio was 12.5 as at 31 December 2017 (31 December 2016: 4.9). The net gearing ratio was measured by net debt (including secured loans and bonds, and deducting bank balances and cash) over the total equity.

Staff and Remuneration Policy

As at 31 December 2017, the Group had approximately 372 employees, including 250 based in the PRC, 14 based in Hong Kong and 108 based in Canada. Staff costs from continuing operations for the year ended 31 December 2017 were approximately HK$46,733,000, representing a increase of approximately HK$2,067,000 as compared to approximately HK$44,666,000 of last year due to the increase in equity-settled share-based payment expenses as a result of share options granted to certain directors and eligible participants.

Employee remuneration is determined in accordance with prevailing industry practice and employees' performance and experience. Discretionary bonuses are awarded to employees with outstanding performance with reference to the performance of the Group. Employees are also entitled to other staff benefits including medical insurance and mandatory provident fund.

Foreign Exchange Fluctuation and Hedge

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to Renminbi, United States Dollars and Canadian Dollar. Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investment in foreign operations.

During the years ended 31 December 2017 and 2016, the Group did not enter into any forward foreign currency contracts.

Prospects

In June 2017, the Group completed the disposal of its prolonged loss-making electronic component business and recorded a profit of approximately HK$14,217,000. Management believes that the financial performance as well as the financial position of the Group will continue to improve after the disposal.

The property management segment has become one of the key sources of income to the Group. Management believes that the property management industry in China will continue to grow steadily and this segment will bring stable income to the Group. While exploring new property management projects, the Group will actively consider expanding this segment through acquisitions.

The hotel operation business in Victoria, British Columbia, Canada continues to generate revenue for the Group, of which, however, has contributed less due to foreign exchange fluctuations. The Group has been exploring other investment opportunities in hotel operation, property investment and development in Hong Kong, the PRC and other overseas countries, with an aim to deliver substantial returns for shareholders of the Company through a series of acquisitions and proposed cooperation.

The Group is adjusting its overall operational strategies and considering to invest in several service-oriented industries, including cultural, tourism and healthcare sectors. The objective is to synthesize these new investments with existing businesses to transform the Group into a modern city integrated life service provider and bring satisfactory returns to both the Group and its shareholders.

OTHER INFORMATION

Corporate Governance

The Company is committed to achieving a high standard of practices of corporate governance so as to ensure the protection of shareholders' interests with better transparency. The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange during the year ended 31 December 2017, except for the following:

Pursuant to the code provision A.6.7, independent non-executive directors and other non-executive directors, as equal Board members, should attend the general meetings of the Company.

The Company held its extraordinary general meeting on 18 August 2017 ("the EGM") and annual general meeting on 31 May 2017 (the "AGM"). During the year ended 31 December 2017, certain independent non-executive directors were unable to attend the Company's general meetings due to their unavoidable business engagements.

The Company was arranged and will continue to arrange to furnish all directors (including independent non-executive directors) and (if any) non-executive directors with appropriate information on all general meetings and take all reasonable measures to arrange to schedule in such a way that all directors can attend general meetings, as well as to support non-executive directors to respond to shareholders' questions in the general meetings.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the AGM. Due to other business engagements, the Chairman of the Board was unable to attend the AGM. However, Mr. Gan Lin, an executive director of the Company, took chair of the AGM pursuant to the articles of association of the Company to ensure an effective communication with the shareholders of the Company thereat.

Model Code for Securities Transactions by Directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that all directors have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31 December 2017.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Review of Accounts

The audit committee of the Board, which comprises all independent non-executive directors of the Company, has reviewed the financial results of the Group for the year ended 31 December 2017, including the accounting principles and practices adopted by the Group, and has reviewed and discussed with the management on the effectiveness of the Group's system regarding the internal controls and accounts.

Publication of the Final Results and Annual Report

This results announcement has been published on the Company's website at www.forebase.com.hk and the website of the Stock Exchange at www.hkexnews.hk. The 2017 annual report is expected to be despatched to shareholders of the Company on or before Friday, 27 April 2018, which will be also made available on the websites of the Company and the Stock Exchange.

By order of the Board
Forebase International Holdings Limited
SHEN YONG
Chairman

Hong Kong, 27 March 2018

As at the date hereof, the executive Directors of the Company are Mr. SHEN Yong, Mr. GAN Lin and Mr. SHEN Ke; the non-executive Director of the Company is Mr. HUANG Xiang Yang and the three independent non-executive Directors are Dr. LOKE Yu (alias Loke Hoi Lam), Mr. YU Lei and Mr. Ernst Rudolf ZIMMERMANN.