CHINA BEST GROUP HOLDING LIMITED
國華集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 370)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of China Best Group Holding Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	NOTES	**2017** ***HK$'000***	2016 *HK$'000* (Restated)
Continuing operations			
Turnover	*3*	**537,548**	641,312
Revenue:	*4*		
– Trading of goods		**356,943**	423,615
– Provision of international air and sea freight forwarding services		**6,642**	5,789
– Consultancy income from finance leases		**19,178**	31,165
– Interest income from finance leases		**9,440**	11,008
– Interest income from money lending		**32,103**	16,631
– Brokerage commission and dealing income		**1,269**	–
		425,575	488,208
Operating costs:			
– Cost of trading goods sold		**(349,675)**	(412,749)
– Cost of providing international air and sea freight forwarding services		**(4,696)**	(4,012)
		(354,371)	(416,761)

* *For identification purpose only*

	NOTES	2017 HK$'000	2016 HK$'000 (Restated)
Other income	5	**13,372**	1,908
Administrative and other expenses		**(40,306)**	(43,970)
Staff costs		**(34,332)**	(29,189)
Realised (loss) gain on held for trading investments		**(3,294)**	1,529
Unrealised (loss) gain on fair value change on held for trading investments		**(1,624)**	29,443
Share of losses of associates		**(2,183)**	(10,864)
Gain on disposal of asset classified as held for sale	14(1)	**281**	–
Gain on disposal of an associate	14(2)	**29,420**	–
Loss on disposal of available-for-sale investments		**–**	(14,584)
Impairment loss on finance lease receivable		**–**	(22,184)
Profit (loss) before tax		**32,538**	(16,464)
Income tax expense	7	**(8,013)**	(2,385)
Profit (loss) for the year from continuing operations		**24,525**	(18,849)
Discontinued operation			
Profit for the year from discontinued operation		**–**	7,799
Profit (loss) for the year	6	**24,525**	(11,050)
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**28,861**	(26,193)
Share of other comprehensive income (expenses) of associates		**501**	(5,046)
Fair value gain (loss) on available-for-sale investments		**775**	(19,059)
Translation reserve released upon disposal of associates		**7,051**	–
Release of reserve upon disposal of available-for-sale investments		**–**	14,584
		37,188	(35,714)
Total comprehensive income (expenses) for the year		**61,713**	(46,764)

	NOTE	2017 HK$'000	2016 HK$'000 (Restated)
Profit (loss) for the year attributable to owners of the Company			
– From continuing operations		**24,533**	(18,835)
– From discontinued operation		**–**	8,295
		24,533	(10,540)
Profit (loss) for the year attributable to non-controlling interests			
– From continuing operations		**(8)**	(14)
– From discontinued operation		**–**	(496)
		(8)	(510)
		24,525	(11,050)
Total comprehensive income (expenses) for the year attributable to			
– owners of the Company		**61,711**	(46,252)
– non-controlling interests		**2**	(512)
		61,713	(46,764)
Earnings (loss) per share	*8*		
From continuing and discontinued operations			
– Basic and diluted *(HK cents)*		**0.34 cents**	(0.15) cents
From continuing operations			
– Basic and diluted *(HK cents)*		**0.34 cents**	(0.27) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**8,477**	10,418
Intangible asset		**811**	811
Interests in associates	*14*	**–**	85,143
Available-for-sale investments		**14,562**	13,787
Finance lease receivables	*10*	**7,673**	37,410
Goodwill		**71,582**	–
Regulatory deposits		**1,705**	–
Deferred tax assets		**5,689**	3,179
		110,499	150,748
Current assets			
Finance lease receivables	*10*	**193,737**	196,440
Loans and interest receivables	*12*	**362,464**	279,647
Trade and other receivables	*11*	**183,596**	133,567
Promissory note receivable	*14(2)*	**90,000**	–
Held for trading investments		**16,380**	115,266
Pledged bank deposit		**59**	54
Bank balances and cash – trust and segregated accounts		**33,897**	–
Bank balances and cash – general accounts		**173,281**	170,233
		1,053,414	895,207
Assets classified as held for sale		**–**	10,760
		1,053,414	905,967
Current liabilities			
Trade and other payables	*13*	**66,245**	23,404
Tax liabilities		**10,312**	7,668
		76,557	31,072
Net current assets		**976,857**	874,895
Total assets less liabilities		**1,087,356**	1,025,643
Capital and Reserves			
Share capital		**363,228**	363,228
Share premium and reserves		**724,169**	662,458
Equity attributable to owners of the Company		**1,087,397**	1,025,686
Non-controlling interests		**(41)**	(43)
		1,087,356	1,025,643

Notes:

1. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations, issued by the HKICPA.

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

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Lease[2]
HKFRS 17	Insurance Contract[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
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 HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle [2]
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments[2]

[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 1 January 2021.*

[4] *Effective date not yet been determined.*

The directors of the Company (the "Directors") anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which aligns hedge accounting more closely with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The Directors have performed a preliminary analysis of the Group's financial instruments as at 31 December 2017 based on the facts and circumstances existing at that date. The Directors have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated with irrevocable election to present in other comprehensive income the changes in fair value.

(b) Impairment

The Directors expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and receivables, finance lease, receivables and loan receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for these receivables, and increase the amount of impairment allowance recognised for these items.

The Directors will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the Directors expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 *Revenue from Contracts with Customers*

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows 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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are sales of goods and provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The Directors have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the Directors expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 December 2017.

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

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

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 December 2017, the Group had non-cancellable operating lease commitments of approximately HK$34,065,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Directors are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The Directors expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

3. TURNOVER

An analysis of the Group's turnover for the year from continuing operations is as follows:

	2017	2016
	HK$'000	*HK$'000*
Trading of goods	**356,943**	423,615
Gross proceeds from disposal of held for trading investments	**111,973**	153,104
Consultancy income from finance leases	**19,178**	31,165
Interest income from finance leases	**9,440**	11,008
Interest income from money lending	**32,103**	16,631
Provision of international air and sea freight forwarding services	**6,642**	5,789
Brokerage commission and dealing income	**1,269**	–
	537,548	641,312

4. REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segments.

Year ended 31 December 2017
Continuing operations

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	Money lending *HK$'000*	Brokerage *HK$'000*	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Total *HK$'000*
Turnover	**356,943**	**28,618**	**32,103**	**1,269**	**6,642**	**111,973**	**537,548**
Revenue External	**356,943**	**28,618**	**32,103**	**1,269**	**6,642**	**–**	**425,575**
Segment results	**1,523**	**14,758**	**23,688**	**(4,242)**	**(3)**	**(8,330)**	**27,394**
Share of losses of associates							**(2,183)**
Unallocated corporate income							**41,676**
Unallocated corporate expenses							**(34,349)**
Profit before tax (continuing operations)							**32,538**

Year ended 31 December 2016
Continuing operations

	Trading of goods *HK$'000*	Finance leasing *HK$'000*	Money lending *HK$'000*	International air and sea freight forwarding *HK$'000*	Securities trading *HK$'000*	Total *HK$'000*
Turnover	423,615	42,173	16,631	5,789	153,104	641,312
Revenue External	423,615	42,173	16,631	5,789	–	488,208
Segment results	3,894	6,531	12,996	(139)	26,761	50,043
Share of losses of associates						(10,864)
Unallocated corporate expenses						(55,687)
Unallocated corporate income						44
Loss before tax (continuing operations)						(16,464)

5. OTHER INCOME

	2017 ***HK$'000***	2016 *HK$'000*
Continuing operations		
Interest income from		
– bank	**188**	180
– overdue trade receivables	**938**	503
– promissory note receivable	**4,246**	–
Write-off of other payable	**7,240**	–
Service income from money lending business	**38**	1,170
Government grant *(Note)*	**6**	26
Exchange gain	**281**	–
Sundry income	**435**	29
	13,372	1,908

Note: During the year ended 31 December 2017, a government grant of approximately HK$6,000 (2016: HK$26,000) was granted to the Group in relation to the job credit scheme in Singapore on the condition that the Group has made Central Provident Fund contributions in Singapore. The government grant has been recognised in the same periods in which the expenses were recognised.

6. PROFIT (LOSS) FOR THE YEAR

	2017	2016
	HK$'000	*HK$'000*
Continuing operations		
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs		
– directors' emoluments	**11,021**	11,520
– other staff costs	**22,297**	16,837
– retirement benefits scheme contributions (excluding those for directors)	**1,014**	832
Total staff costs	**34,332**	29,189
Auditor's remuneration	**1,148**	1,043
Depreciation of property, plant and equipment	**3,658**	3,076
Write-off of property, plant and equipment	**58**	10
Loss on disposal of property, plant and equipment	**44**	–
Net foreign exchange (gain) loss	**(281)**	151
Cost of inventories recognised as expenses	**349,675**	412,749
Minimum lease payments under operating leases in respect of office premises and staff quarters	**18,570**	19,052

7. INCOME TAX EXPENSE

	2017 *HK$'000*	2016 *HK$'000*
Continuing operations		
Current tax:		
Hong Kong Profits Tax	**775**	590
PRC Enterprise Income Tax	**4,788**	4,974
Withholding tax paid on distributed earnings of a PRC subsidiary *(Note 1)*	**1,128**	–
	6,691	5,564
Under provision in prior years:		
PRC Enterprise Income Tax		
– Rongjinda Finance *(Note 2)*	**3,289**	–
– Others	**232**	–
	3,521	–
Deferred tax:		
Current year	**(2,199)**	(3,179)
	8,013	2,385

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2017 (2016: 16.5%).

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for Singapore and the United States of America Profits Tax has been made as the Group did not generate any assessable profits in Singapore and the United States of America during the two years ended 31 December 2017 and 2016.

Note:

(1) According to the PRC New Corporate Income Tax Law, distribution of profits earned by PRC companies since 1 January 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

(2) Rongjinda Finance Lease Company Limited*（融金達融資租賃有限公司）("Rongjinda Finance") was established in Qianhai, Shenzhen. Pursuant to the notice issued by the Authority of Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone dated 10 October 2017, Rongjinda Finance cannot fulfil the requirements entitling it to enjoy the concessionary tax rate. Therefore, the applicable tax rate of Rongjinda Finance was restored to 25% from the first profit-making year, i.e. year ended 31 December 2015.

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2017	2016
	HK$'000	*HK$'000*
Profit (loss)		
Profit (loss) for the purpose of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	**24,533**	(10,540)

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**7,264,566**	7,084,238

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's share options because the exercise prices of those options were higher than the average market price for both 2017 and 2016.

From continuing operations

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

Profit (loss) figures are calculated as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit (loss) for the year attributable to owners of the Company	**24,533**	(10,540)
Less:		
Profit for the year from discontinued operation	**–**	(8,295)
Profit (loss) for the purpose of basic and diluted earnings (loss) per share from continuing operations	**24,533**	(18,835)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK0.12 cents per share in 2016, based on the profit for the year from the discontinued operation of HK$8,295,000 and the denominators detailed above for both basic and diluted loss per share.

9. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

10. FINANCE LEASE RECEIVABLES

All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2017	2016
	HK$'000	*HK$'000*
Finance lease receivables	**224,166**	256,034
Less: allowance for impairment of finance lease receivables	**(22,756)**	(22,184)
Finance lease receivables, net	**201,410**	233,850
Analysed for reporting purposes as:		
– Non-current assets	**7,673**	37,410
– Current assets	**193,737**	196,440
	201,410	233,850

	Minimum lease payments		**Present value of minimum lease payments**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**195,230**	204,480	**193,737**	196,440
After one year but within two years	**7,840**	31,746	**7,673**	30,263
After two years but within five years	**–**	7,303	**–**	7,147
	203,070	243,529	**201,410**	233,850
Less: unearned interest income	**(1,660)**	(9,679)	**–**	–
Present value of minimum lease payment receivables	**201,410**	233,850	**201,410**	233,850

Effective interest rates of the above finance leases range from 5.1% to 6% per annum.

Before accepting any finance lease arrangement, the Group assesses the financial strength of the lessee and considers the credit limit granted to the lessee. In addition, the Group may request for guarantor with strong financial status where necessary.

As at 31 December 2017, finance lease receivables of approximately RMB149,410,000, equivalent to approximately HK$179,127,000 (2016: approximately RMB20,000,000, equivalent to approximately HK$22,334,000) were past due. Included in the carrying amount of the above finance lease receivables as at 31 December 2017 and 2016 is an individually impaired receivable of approximately RMB18,981,000, equivalent to approximately HK$22,756,000 (2016:HK$22,184,000), which impairment was made due to a customer's default in payment. The Group has taken legal actions against this customer and considered the legal opinion from an independent legal adviser during impairment assessment. For the remaining past due amount of approximately RMB130,429,000 (equivalent to approximately HK$156,371,000), subsequent to the end of the reporting period, partial settlements were received and repayment terms and schedules have been negotiated and agreed between the Group and the lessees and as such there is no default in repayment. Accordingly, the Directors considered no impairment loss needs to be recognised.

Management closely monitors the credit quality of finance lease receivables and considers the finance lease receivables that are neither past due nor impaired relate to finance lessees for whom there was no recent history of default. As at 31 December 2017, the age of the finance lease receivables was within three years (2016: within two years) based on the effective dates of the relevant lease contracts.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period normally ranging from 30 days to 180 days (2016: 30 days to 180 days) to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debt) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**587**	1,506
31 – 60 days	**141,839**	58,472
61 – 90 days	**15**	65,697
Over 90 days	**15,842**	2,136
Trade receivables arising from trading business	**158,283**	127,811
Trade receivables arising from the securities and futures brokerage business	**14,089**	–
Prepayments	**1,905**	1,702
Deposits and other receivables	**9,319**	4,054
	183,596	133,567

12. LOANS AND INTEREST RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Loans receivables, repayable within one year and classified as current asset		
Secured	**80,000**	80,000
Unsecured	**260,000**	190,000
	340,000	270,000
Interest receivables	**22,464**	9,647
	362,464	279,647

As at 31 December 2017, secured loans with carrying amount of HK$80,000,000 (2016:HK$80,000,000) were secured by share or assets charges provided by borrowers. The loans advanced to the borrowers under the Group's money lending business had loan periods from 6 to 18 months (2016: 6 to 18 months). The loans provided to borrowers bore interest rate ranging from 8% – 15% per annum (2016: 8% – 15%), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers (where necessary). The loans provided to borrowers are repayable in accordance with the loan agreements, in which the principal amounts are repayable on maturity and the interests are repayable half-yearly or on maturity.

The following is an aged analysis of loans and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued.

	2017	2016
	HK$'000	*HK$'000*
Within 90 days	**4,994**	126,586
91 – 180 days	**6,802**	2,495
181 – 365 days	**199,131**	150,566
Over 365 days	**151,537**	–
	362,464	279,647

As at 31 December 2017, loans and interest receivables of approximately HK$206,924,000 (2016: approximately HK$53,459,000) were past due. Subsequent to the balance sheet date, approximately HK$66,668,000 of the past due balances were settled. The remaining past due amount of approximately HK$140,256,000 are due from several borrowers with whom the Group is negotiating practicable repayment terms and schedules. The Directors assessed their creditworthiness and financial position and are of view that no impairment loss is necessary. The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default. Accordingly, the Directors considered that no impairment loss is necessary. Save for the aforesaid secured loans, the Group does not hold collateral over other balances.

13. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2017	2016
	HK$'000	*HK$'000*
0 – 30 days	**439**	423
31 – 60 days	**2**	3
61 – 90 days	**1**	6
Over 90 days	**624**	605
Trade payables	**1,066**	1,037
Trade payables from the securities and futures brokerage business	**47,985**	–
Earnest money from finance lease receivables	**7,458**	6,946
Value-added tax payable	**540**	500
Accrued charges	**9,153**	8,300
Other payables	**43**	6,621
	66,245	23,404

For trade payables, no aged analysis is disclosed for the Group's margin and cash clients and clearing house as these clients were carried on an open account basis, the aged analysis does not give additional value in the view of the nature of business of securities brokerage. Also, the settlement terms of clearing house is two trading days after the transaction dates.

The average credit period on services received is normally ranging from 30 to 90 days (2016: 30 to 90 days).

14. INTERESTS IN ASSOCIATES

	2017	2016
	HK$'000	*HK$'000*
Costs of investment in an associate	–	123,507
Share of post-acquisition losses and other comprehensive expenses	–	(27,604)
	–	95,903
Reclassified as assets classified as held for sale *(Note 1)*	–	(10,760)
	–	85,143

Note:

(1) On 26 February 2016, Esteem Sun Limited ("Esteem Sun"), a wholly-owned subsidiary of the Company, entered into a subscription contract (the "Subscription Contract") with Pets Best Japan Co., Ltd. ("Pets Best"), a company incorporated in Japan with limited liability, pursuant to which Esteem Sun agreed to subscribe for 8,300 shares of Pets Best, representing 14.98% equity interest in Pets Best (the "Subscription"), at the consideration of Japanese Yen ("JPY") 144,154,400, equivalent to approximately HK$9,935,000. The transaction cost was approximately HK$2,019,000.

The Subscription was completed on 1 March 2016. Since the Group designated a person appointed as a director in the board of directors of Pets Best under the provisions stated in the Subscription Contract, the Group is considered to have ability to exercise significant influence over Pets Best. Pets Best was then considered as an associate of the Group and was accounted for using equity method.

Subject to certain conditions specified in the Subscription Contract, Esteem Sun has an option (the "Put Option") to request the major shareholder of Pets Best (the "Guarantor") to purchase back Esteem Sun's shareholding in Pets Best at a pre-determined price based on a formula. By a notice dated 20 October 2016, Esteem Sun exercised the Put Option.

The abovementioned investment in associate was reclassified as assets held for sale on the date on which the notice exercising the Put Option was delivered. Esteem Sun's shareholding in Pets Best was repurchased by the Guarantor on 20 March 2017 at a consideration of approximately JPY159,241,000 (equivalent to approximately HK$11,041,000). The disposal was completed on 20 March 2017 accordingly and resulted in the Group recognising a gain on disposal of asset classified as held for sale of approximately HK$281,000 during the year.

(2) On 13 March 2017, Kang Yong International Limited ("Kang Yong"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Honghu Group Limited the major shareholder of East Favor Global Investment Limited ("East Favor"), to dispose of its 49% equity interest in East Favor at a total consideration of HK$120,000,000. The consideration had been satisfied by (i) a cash consideration of HK$30,000,000 and (ii) a promissory note consideration of HK$90,000,000, bearing annual interest of 6% per annum and repayable on the first anniversary date after issuance. The disposal was completed on 20 March 2017 and resulted in the Group recognising a gain on disposal of an associate of approximately HK$29,420,000 during the year.

15. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 March 2018, Kang Yong, Honghu Group Limited and Mr. Deng Junjie entered into a supplemental deed to the promissory note (the "Supplemental Deed") whereby the parties agreed to extend the maturity date of the promissory note to 20 March 2019.

Further details of the Supplemental Deed are set out in the Company's announcement dated 20 March 2018.

(b) On 22 March 2018, Rongjinda Finance entered into finance lease supplementary agreements with three of its finance lessees (the "Finance Lease Supplementary Agreements") whereby the parties agreed to extend the lease term of the finance leases from two years to three years regarding the lease principal of approximately HK$144,000,000.

On 22 March 2018, Rongjinda Finance also entered into consultancy supplementary agreements with the same finance lessees (the "Consultancy Supplementary Agreements") whereby the parties agreed to extend the term of the finance consultancy services from two years to three years.

Further details of the Finance Lease Supplementary Agreements and the Consultancy Supplementary Agreements are set out in the Company's announcement dated 22 March 2018.

16. COMPARATIVE FIGURES

During the current year, the Company had revised the presentation of the consolidated statement of profit or loss and other comprehensive income and considered that a presentation by nature of expenses, instead of by function of expenses, would better reflect the Group's results following the further expansion into the brokerage business during the year. As a result, certain comparative figures are restated to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

	Year ended	
	31.12.2017	31.12.2016
	HK$'M	*HK$'M*
Financial Results Highlight		
Continuing operations		
Turnover	**537.5**	641.3
Other operating gain (loss) (net)	**8.5**	(3.9)
Total expenses	**(74.6)**	(73.2)
Gain on disposal of asset classified as held for sale	**0.3**	–
Gain on disposal of an associate	**29.4**	–
Share of losses of associates	**(2.2)**	(10.9)
Net profit (loss) before tax & non-controlling interests	**32.5**	(8.7)
– from continuing operations	**32.5**	(16.5)
– from discontinued operation	**–**	7.8
Profit (loss) for the year attributable to owners of the Company	**24.5**	(10.5)
– from continuing operations	**24.5**	(18.8)
– from discontinued operation	**–**	8.3

	As at	
	31.12.2017	31.12.2016
	HK$'M	*HK$'M*
Extract of Financial Position		
Total assets	**1,163.9**	1,056.7
Total liabilities	**(76.6)**	(31.1)
Net current assets	**976.9**	874.9
Bank balances and cash	**173.3**	170.2
Total net assets	**1,087.4**	1,025.6

OVERVIEW

For the year ended 31 December 2017, the Group's turnover was approximately HK$537.5 million, representing a decrease of 16.2% as compared with HK$641.3 million last year. The net profit for the year ended 31 December 2017 was approximately HK$24.5 million comparing with the net loss of approximately HK$11.1 million last year. The net profit was mainly attributable to, among other things, gain on disposal of an associate (East Favor Global Investment Limited) of approximately HK$29.4 million recognised in 2017. The details of such disposal are set out in the paragraph headed "Material Acquisition and Disposal" below.

BUSINESS AND FINANCIAL REVIEW

Finance Leasing Business

The Group commenced its finance leasing business in July 2015 and has been engaged in providing finance lease services in the PRC. The sale and lease back arrangement is the main business model for existing customers. The leased assets primarily consist of plant and equipment, motor vehicle and other tangible assets. For the year ended 31 December 2017, the turnover of the Group's finance leasing business amounted to approximately HK$28.6 million (2016: approximately HK$42.2 million) whereas segment profit of approximately HK$14.8 million was achieved (2016: approximately HK$6.5 million).

Money Lending Business

The Group holds a money lenders licence in Hong Kong and provides loan facilities to prospective customers including enterprises and individuals. This segment has begun to generate returns to the Group since April 2016. For the year ended 31 December 2017, the turnover of the Group's money lending business amounted to approximately HK$32.1 million (2016: approximately HK$16.6 million). Corresponding segment profit of approximately HK$23.7 million was made for the year ended 31 December 2017 (2016: approximately HK$13.0 million).

Brokerage Business

On 14 August 2017, the Group completed the acquisition of several companies which are principally engaged in the provision of financial services, including securities and futures dealing, margin financing, asset management and stock broking in Hong Kong. Since then the Group provides brokerage services for securities and futures traded on exchanges in Hong Kong and major overseas countries. For the year ended 31 December 2017, the turnover of the Group's brokerage business amounted to approximately HK$1.3 million. Corresponding segment loss of approximately $4.2 million was made for the year ended 31 December 2017.

Trading Business

The Group trades goods, including fuel oil, radio system and electronic appliance, in the PRC and Hong Kong. For the year ended 31 December 2017, the turnover of the Group's trading business amounted to approximately HK$356.9 million (2016: approximately HK$423.6 million) whereas the gross profit was approximately HK$7.3 million (2016: approximately HK$10.9 million). The Group recorded a profit of approximately HK$1.5 million (2016: approximately HK$3.9 million) in this segment.

Securities Investment Business

It represents trading of listed equity securities in the Hong Kong stock market and dividend income (if any) from such listed equity securities. For the year ended 31 December 2017, the turnover of the Group's securities investment business amounted to approximately HK$112.0 million (2016: approximately HK$153.1 million). During the year, the Group recorded a realised loss of approximately HK$3.3 million (2016: realised gain of approximately HK$1.5 million) and a net unrealised fair value loss of the listed securities of approximately HK$1.6 million (2016: net unrealised gain of approximately HK$29.4 million). For the year ended 31 December 2017, the Group did not receive any dividend income (2016: nil). As at 31 December 2017, the Group held trading securities with value of approximately HK$16.4 million (2016: approximately HK$115.3 million).

Freight Forwarding Business

This segment represents the provision of international air and sea freight forwarding and logistic services to customers in Singapore and America. For the year ended 31 December 2017, the turnover of the Group's freight forwarding business amounted to approximately HK$6.6 million (2016: approximately HK$5.8 million). Corresponding gross profit of approximately HK$1.9 million and segment loss of approximately HK$3,000 were made for the year ended 31 December 2017 respectively (2016: gross profit of approximately HK$1.8 million and segment loss of approximately HK$0.1 million).

OUTLOOK

On 14 August 2017, the Group completed the acquisition of several companies which are principally engaged in the provision of financial services, including securities and futures dealing, margin financing, asset management and stock broking in Hong Kong. This is one of significant steps taken by the Group for transforming its principal activities into the financial service sector. After completion of the aforesaid transaction, the Group is eligible to carry on regulated business activities governed by the Securities and Futures Ordinance ("SFO") (Cap. 571 of the Laws of Hong Kong), namely, Type 1 regulated activity (dealing in securities), Type 2 regulated activity (dealing in futures contracts), Type 4 regulated activity (advising on securities), Type 5 regulated activity (advising on futures contracts), and Type 9 regulated activity (asset management). It is expected that these new business units will enjoy substantial growth opportunity by leveraging resources and the network of the Group and could provide a diversified source of income for the Group.

The Group will continue reviewing its strategy of and resources allocation for respective business segments and developments. The Group will prioritise its resources into growing businesses. Apart from existing business operation, the Group will from time to time explore investment opportunities for business development of the Group in the financial sector. The Board is convinced that it is the fundamental basis on which the Company generates and preserves value over the longer term and the strategy for delivering the objectives of the Company. The Board will closely monitor the business environment with the aim to maximise the returns of the shareholders of the Company.

LIQUIDITY AND CASHFLOW RESOURCES

As at 31 December 2017, the equity and net current assets of the Group amounted to approximately HK$1,087.4 million (2016: approximately HK$1,025.6 million) and HK$976.9 million (2016: approximately HK$874.9 million) respectively. On the same date, the Group had bank balances and cash of approximately HK$173.3 million (2016: approximately HK$170.2 million) and the current ratio was 13.76 (2016: 29.16).

The Group has sufficient and readily available financial resources for both general working capital purposes and existing business plan.

PLEDGE OF ASSETS

As at 31 December 2017 and 2016, none of the Group's securities was pledged to brokers to secure the margin loan. As at 31 December 2017 and 2016, there were no other significant assets pledged to banks to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2017 and 2016, the Group had no material contingent liabilities.

CAPITAL EXPENDITURE

During the year ended 31 December 2017, the Group incurred approximately HK$1.3 million as capital expenditure (2016: approximately HK$3.0 million).

CAPITAL COMMITMENTS

As at 31 December 2017 and 2016, the Group had no material capital commitment.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2017, the Group held available-for-sale investments of approximately HK$14.6 million (2016: approximately HK$13.8 million) and held for trading investments of approximately HK$16.4 million (2016: approximately HK$115.3 million).

Company Name/Stock Code	Number of shares held ('000)		% of shareholding (%)		Realised loss (HK$'000)	Unrealised loss on fair value change (HK$'000)	Fair value (HK$'000)	(HK$'000)	% of Net Assets (%)		Dividend received (HK$'000)	(HK$'000)	Total investment cost (HK$'000)
	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016	For the year ended 31.12.2017	For the year ended 31.12.2017	As at 31.12.2017	As at 31.12.2016	As at 31.12.2017	As at 31.12.2016	For the year ended 31.12.2017	For the year ended 31.12.2016	As at 31.12.2017
Elegance Optical International Holdings Limited (907)("EOIH")	7,800	–	2%	–	–	(1,624)	16,380	–	1.51	–	–	–	18,004
Others					(3,294)	–	–	115,266	–	11.24	–	–	–
Total					(3,294)	(1,624)	16,380	115,266	1.51	11.24	–	–	18,004

Based on public information available at the website of the Stock Exchange as at the date of this announcement, EOIH is principally engaged in manufacturing and trading of optical frames and sunglasses, property investment, securities investment, money lending and film distribution.

The Group's available-for-sale investments as at 31 December 2017 comprised of (i) listed equity investment in London at a fair value of approximately HK$7.1 million; and (ii) unlisted equity securities in Hong Kong at cost less impairment loss, i.e. the carrying amount of approximately HK$7.5 million.

As at 31 December 2017 and 2016, all financial assets at fair value through profit and loss represented listed securities in Hong Kong. As at 31 December 2017, the Group recorded an unrealised fair value loss of approximately HK$1.6 million in respect of investment in listed securities held for trading.

The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board will continue to closely monitor the performance of its investment portfolio from time to time.

MATERIAL ACQUISITION AND DISPOSAL

(i) On 24 January 2017, a wholly-owned subsidiary of the Company, China Best Financial Holdings Limited (the "Purchaser"), ZR International Holding Company Limited (the "Vendor") and Mr. Wu Qiaofeng, both independent third parties, entered into an agreement pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the entire equity interest in each of the target companies at a tentative consideration of HK$200,000,000 (subject to adjustment), which would be satisfied by cash. The principal activities of the target companies are securities margin financing, securities brokerage services and futures dealing services. The acquisition was completed on 14 August 2017.

Further details of the acquisition are set out in the Company's announcements dated 24 January 2017 and 14 August 2017.

(ii) On 13 March 2017, Kang Yong International Limited ("Kang Yong"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Honghu Group Limited as purchaser, and Mr. Deng Junjie as guarantor, to sell its shareholding in East Favor Global Investment Limited ("East Favor"), representing 49% of the entire issued capital of East Favor, at the consideration of HK$120,000,000. The disposal was completed on 20 March 2017.

Further details of the disposal are set out in the Company's announcements dated 13 March 2017 and 20 March 2018.

(iii) On 13 March 2017, Rongjinda Finance Lease Company Limited ("Rongjinda Finance"), a wholly-owned subsidiary of the Company, and two independent third parties entered into an agreement pursuant to which Rongjinda Finance agreed to purchase and the two independent third parties agreed to sell the entire equity interest in a company established in the PRC, which is allowed to carry on businesses of assets management and advisory services in relation to corporate restructure, merger and acquisition, at a token consideration of RMB3. The transaction was completed on 14 March 2017. Since completion and up to the date of this announcement, it has not commenced business. According to its articles of association, Rongjinda Finance as its sole shareholder is committed to inject capital of a total of RMB10,000,000 (approximately HK$11,516,000). As at 31 December 2017, RMB2,500,000 (approximately HK$2,879,000) was injected as its paid up capital.

(iv) During the year, an investment in associate with carrying amount of approximately HK$10,760,000 classified in assets held for sale as at 31 December 2016 was repurchased by an existing major shareholder of the associate and the proceeds of approximately JPY159,241,000 (equivalent to approximately HK$11,041,000) was received by the Group on 20 March 2017.

Save as disclosed above, there was no other material acquisition or disposal (including the acquisition or disposal of subsidiaries and associated companies) for the year ended 31 December 2017.

FUND RAISING ACTIVITIES AND USE OF PROCEEDS

The Company did not conduct any fund raising activities during the year.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, Renminbi and US dollars. During the year, there was no significant fluctuation in the exchange rates of Hong Kong dollars and US dollars whereas Renminbi had an upward adjustment, resulting in an exchange gain of approximately HK$28.9 million recognised as other comprehensive income of the Group. The Group will take a prudent approach against any impact arising from the fluctuation in exchange rates but currently is not engaged in any derivative activities and not committed to any financial instruments to hedge its balance sheet exposure.

EMPLOYEE AND HUMAN RESOURCES POLICY

As at 31 December 2017, the Group had 62 staff (2016: 55 staff). The total staff cost incurred for the year ended 31 December 2017 was approximately HK$34.3 million (2016: approximately HK$29.2 million). The remuneration of employees was determined with reference to the qualification and experience of individual staff member, market circumstances and the Group's performance. In accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the staff of the Company's accounting and financial reporting function have adequate training programmes and budget.

Pursuant to a share option scheme adopted on 22 May 2012 (the "2012 Share Option Scheme"), the Board may grant options to directors (including non-executive directors and independent non-executive directors), employees of the Company and any of its subsidiaries or associated companies, to subscribe for shares of the Company. During the year, no options were granted under the 2012 Share Option Scheme.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") PERFORMANCE

The Group continually reviews its ESG efforts, corporate governance and risk management practices with the aim to create and deliver sustainable value to all its stakeholders. The Group has been looking for opportunities to reduce the consumption of resources in order to reduce the impact on the environment. Details of the Group's ESG efforts will be set out in its 2017 annual report.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2017 (2016: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017 (2016: Nil).

REVIEW OF FINANCIAL INFORMATION

The Board has established the audit committee of the Company (the "Audit Committee") in accordance with the Listing Rules. The Audit Committee currently comprises Mr. Ru Xiangan, Mr. Liu Haiping and Mr. Liu Tonghui, the three independent non-executive Directors. A summary of duties and works of the Audit Committee will be set out in the "Corporate Governance Report" in the 2017 annual report which will be despatched to the shareholders in due course.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters. The Audit Committee has reviewed the financial results of the Group for the year ended 31 December 2017.

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

CORPORATE GOVERNANCE CODE OF THE LISTING RULES

In the opinion of the Board, saved as disclosed below, none of the Directors is aware of any information that would reasonably indicate that the Company was not in compliance with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the year.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

From 1 January to 3 April 2017, the role of the chairman was performed by Mr. Tan Xiangdong, who provided leadership for the Board and was responsible for chairing meetings, managing the operations of the Board and ensuring that all major and appropriate issues were discussed by the Board in a timely and constructive manner. He is also responsible for the strategic management of the Group and for formulating the Group's overall corporate direction and focus. Since the resignation of Mr. Tan Xiangdong as the chairman and the executive director of the Company on 3 April 2017, the Company has not appointed a new chairman of the Board. Until the appointment of the new chairman of the Board, the Board collectively focuses on the overall strategic planning and development of the Group and effective functioning of the Board.

The Company currently has no chief executive officer as the Board has not identified a suitable candidate to fill this causal vacancy. However, the Board believes that the existing structure together with the extensive experience of the Board are conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

Under code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to various work commitments, one executive director and three independent non-executive directors of the Company were unable to attend the annual general meeting held on 1 June 2017.

Under the code provision C.2.5 of the CG Code, the Group should have an internal audit function. However, due to the size of the Group and for cost effectiveness consideration, the Group currently does not have an internal audit function. Instead, the Audit Committee has a review on the internal control system annually. The review covers major financial, operational controls in rotation basis and also the risk management functions. No significant deficiency was identified under current year's review and the systems were operating effectively and adequately. The Group continues to review the need for an internal audit function annually.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for maintaining the Group's risk management and internal control systems to safeguard shareholders' investment and for reviewing the effectiveness of such on an annual basis under code provision C.2.1 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made on all Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 25 May 2018 to Friday, 1 June 2018 (both days inclusive), during which no transfer of shares will be registered. In order to qualify to be shareholders of the Company to attend and vote at the annual general meeting to be held on Friday, 1 June 2018, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 24 May 2018.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement containing the results of the Group for the year ended 31 December 2017 is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cbgroup.com.hk) respectively. The 2017 annual report and notice of annual general meeting of the Company will be despatched to the shareholders and made available on the above websites in due course.

By Order of the Board
China Best Group Holding Limited
Mr. Li Yang
Deputy Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Li Yang, Mr. Liu Wei, Mr. Chen Wei and Mr. Fan Jie, and three independent non-executive Directors, namely, Mr. Ru Xiangan, Mr. Liu Haiping and Mr. Liu Tonghui.