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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 2310)**

## 2018 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 2018 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2018*

| | *Note* | **2018**<br>***HK$'000*** | 2017<br>*HK$'000*<br>*(Note)* |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | *4* | **94,582** | 87,588 |
| Direct costs | | **(58,890)** | (55,463) |
| **Gross profit** | | **35,692** | 32,125 |
| Other income | *6* | **1,409** | 3,992 |
| Share of profits of joint ventures | | **553** | – |
| Administrative expenses | | **(50,716)** | (46,847) |
| Finance costs | *7* | **(7,522)** | (7,104) |
| **Loss before income tax** | *8* | **(20,584)** | (17,834) |
| Income tax expenses | *9* | **(1,236)** | (4,912) |
| **Loss from continuing operations** | | **(21,820)** | (22,746) |
| **Discontinued operations** | | | |
| Profit from discontinued operations | | – | 14,217 |
| **Loss for the year** | | **(21,820)** | (8,529) |

| | Note | 2018<br>*HK$'000* | 2017<br>*HK$'000*<br>*(Note)* |
|---|---|---|---|
| **Loss for the year** | | **(21,820)** | (8,529) |
| **Other comprehensive (expense)/income for the year** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| – Exchange differences on translation of financial statements of overseas operations | | **(5,293)** | 5,783 |
| – Share of other comprehensive expense of joint ventures | | **(1,230)** | — |
| Reclassification adjustments for the cumulative gain transferred to profit or loss: | | | |
| – Exchange differences released upon disposal of subsidiaries | | – | 739 |
| Other comprehensive (expenses)/income for the year | | **(6,523)** | 6,522 |
| **Total comprehensive expense attributable to the equity shareholders of the Company for the year** | | **(28,343)** | (2,007) |
| **(Loss)/Earnings per share** | *11* | ***HK cents*** | *HK cents* |
| Basic and diluted | | | |
| – from continuing operations | | **(4.11)** | (4.98) |
| – from discontinued operations | | – | 3.11 |

*Note:* The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*As at 31 December 2018*

| | Note | **2018** **HK$'000** | 2017 HK$'000 (Note) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **84,738** | 92,846 |
| Intangible assets | *12* | **30,029** | 34,591 |
| Interests in joint ventures | | **44,604** | – |
| Other non-current assets | | – | 4,084 |
| | | **159,371** | 131,521 |
| **Current assets** | | | |
| Inventories | | **837** | 1,524 |
| Trade and other receivables | *13* | **37,712** | 32,792 |
| Bank balances and cash | | **7,757** | 13,027 |
| | | **46,306** | 47,343 |
| **Current liabilities** | | | |
| Trade and other payables | *14* | **11,972** | 14,573 |
| Contract liabilities | | **5,019** | – |
| Amounts due to related companies | | **7,157** | 3,590 |
| Current taxation | | **11,596** | 10,478 |
| Secured loans | *15* | **2,012** | 2,059 |
| | | **37,756** | 30,700 |
| **Net current assets** | | **8,550** | 16,643 |
| **Total assets less current liabilities** | | **167,921** | 148,164 |
| **Non-current liabilities** | | | |
| Amount due to a director | | **3,315** | 45,961 |
| Deferred tax liabilities | | **6,305** | 6,989 |
| Secured loans | *15* | **34,001** | 38,969 |
| Bonds | *16* | **60,181** | 50,000 |
| | | **103,802** | 141,919 |
| **Net assets** | | **64,119** | 6,245 |

| | 2018 | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | *(Note)* |
| **Capital and reserves** | | |
| Share capital | **368,984** | 292,462 |
| Reserves | **(304,865)** | (286,217) |
| **Total equity attributable to equity shareholders of the Company** | **64,119** | 6,245 |

*Note:* The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

*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, Ultra Harvest Limited ("Ultra Harvest"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability, is the ultimate and immediate 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 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 2018 and 2017 included in this announcement of 2018 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 2017 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 2018 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.

The consolidated financial statements are presented in thousands of HK$ ("HK$'000"), unless otherwise stated.

## 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 were consistent with those applied to the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3. The consolidated financial statements have been prepared on the historical cost basis.

## 3. CHANGES IN ACCOUNTING POLICIES AND ADOPTION OF NEW AND AMENDED HKFRSs

**New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018**

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 2018:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| Amendments to HKFRSs 1 and HKAS 28 | Annual Improvements to HKFRSs 2014-2016 Cycle |
| Amendments to HKFRS 2 | Share-based Payment: Classification and Measurement of Share-based Payment Transactions |
| HK(IFRIC) – Int 22 | Foreign Currency Transactions and Advance Consideration |

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.

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

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" ("HKAS 39"). It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an expected credit loss ("ECL") model for the impairment of financial assets.

*Classification and measurement*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

There have been no changes to the classification or measurement of financial assets and financial liabilities as a result of the initial application of HKFRS 9.

*Expected credit loss ("ECL")*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the HKFRS 9 simplified approach to measure ECL which use a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics such as past due status and credit risk ratings.

Loss allowances for financial assets at amortised cost mainly comprise other receivables, amounts due from related companies, amount due from a third party and bank balances and cash are measured on a 12-month ECL basis if there had been no significant increase in credit risk since initial recognition. Upon the adoption of HKFRS 9, loss allowance on trade receivables of HK$145,000 was recognised as at 1 January 2018.

For other receivables, including bank balances and cash, amounts due from related companies and amount due from a third party, the management of the Group makes periodic collective as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information.

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

HKFRS 15 replaces HKAS 18 "Revenue" and several revenue-related Interpretations. Further details of the nature and effect of the changes on the accounting policies are set out below:

*i) Timing of revenue recognition*

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs. Revenue may be recognised at a single point in time or over time.

*ii) Significant financing component*

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

*iii) Presentation of contract assets and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Upon the initial application of HKFRS 15, advances from customers included in "Trade and other payables" of HK$4,508,000 were reclassified to "Contract liabilities" as at 1 January 2018. Advances from customers of HK$5,019,000 was recognised in "Contract liabilities" as at 31 December 2018.

Except for the above, the adoption of HKFRS 15 does not have a significant impact on the consolidated financial statements.

**Issued but not yet effective HKFRSs**

At the date of authorisation of the consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

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

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The above standards are effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt these standards in its consolidated financial statements for the year ended 31 December 2018.

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 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 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$5,041,000, the majority of which is payable either between 2 and 5 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. Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statement from 1 January 2019 onwards.

## 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:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | *(Note)* |
| **Continuing operations** | | |
| Hotel operation income | **44,757** | 42,874 |
| Properties management income | **49,825** | 44,714 |
| | **94,582** | 87,588 |

*Note:* The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

**Disaggregation of revenue**

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical markets:

| | Hotel operation | | Properties management | | Total | |
|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hotel accommodation | **14,112** | 13,900 | **–** | – | **14,112** | 13,900 |
| Food and beverage | **22,988** | 21,879 | **–** | – | **22,988** | 21,879 |
| Others | **7,657** | 7,095 | **–** | – | **7,657** | 7,095 |
| Properties management | **–** | – | **49,825** | 44,714 | **49,825** | 44,714 |
| | **44,757** | 42,874 | **49,825** | 44,714 | **94,582** | 87,588 |

| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
|---|---|---|---|---|---|---|
| **Timing of revenue recognition** | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| At a point in time | **22,988** | 21,879 | **–** | – | **22,988** | 21,879 |
| Over time | **21,769** | 20,995 | **49,825** | 44,714 | **71,594** | 65,709 |
| | **44,757** | 42,874 | **49,825** | 44,714 | **94,582** | 87,588 |

| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
|---|---|---|---|---|---|---|
| **Geographical markets** | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| PRC | **–** | – | **49,825** | 44,714 | **49,825** | 44,714 |
| Canada | **44,757** | 42,874 | **–** | – | **44,757** | 42,874 |
| | **44,757** | 42,874 | **49,825** | 44,714 | **94,582** | 87,588 |

## 5. SEGMENT INFORMATION

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.

**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.

All assets are allocated to reportable segments other than bank balances and cash, interests in joint ventures, amounts due from related companies and unallocated head office and corporate assets; and all liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities, 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:

| **2018** | **Continuing operations** | | |
|---|---|---|---|
| | **Hotel Operation** *HK$'000* | **Properties management** *HK$'000* | **Total** *HK$'000* |
| **Revenue from external customers** | **44,757** | **49,825** | **94,582** |
| **Segment profit derived from the Group's external customers** | **903** | **11,778** | **12,681** |
| Finance costs | **(2,176)** | **–** | **(2,176)** |
| Depreciation | **(3,343)** | **(58)** | **(3,401)** |
| Interest income | **–** | **20** | **20** |
| Amortisation | **–** | **(4,562)** | **(4,562)** |
| Gain on disposal of property, plant and equipment | **7** | **–** | **7** |
| Loss allowance of trade receivables | **–** | **(1,199)** | **(1,199)** |
| **Segment assets** | **86,704** | **63,993** | **150,697** |
| Additions to non-current segment assets during the year | **2,286** | **38** | **2,324** |
| **Segment liabilities** | **5,409** | **17,340** | **22,749** |

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

| **2017** *(Note)* | **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 |

*Note:* The Group has initially applied HKFRS 15 and HKFS 9 as 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Profit from continuing operations** | | |
| Segment profit | **12,681** | 5,498 |
| Interest income | **–** | 1 |
| Gain on initial recognition of amount due to a director | **151** | 3,790 |
| Depreciation | **(61)** | (148) |
| Other finance costs | **(5,346)** | (5,210) |
| Share of profits of joint ventures | **553** | – |
| Unallocated head office and corporate expenses | **(28,562)** | (21,765) |
| Consolidated loss before income tax | **(20,584)** | (17,834) |

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Assets** | | |
| Reportable segment assets | **150,697** | 161,731 |
| Bank balances and cash | **7,757** | 13,027 |
| Amounts due from related companies | **648** | 2,522 |
| Interests in joint ventures | **44,604** | – |
| Unallocated head office and corporate assets | **1,971** | 1,584 |
| Consolidated total assets | **205,677** | 178,864 |

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Liabilities** | | |
| Reportable segment liabilities | **22,749** | 16,390 |
| Amount due to a director | **3,315** | 45,961 |
| Bonds | **60,181** | 50,000 |
| Secured loans | **36,013** | 41,028 |
| Deferred tax liabilities | **6,305** | 6,989 |
| Unallocated head office and corporate liabilities | **12,995** | 12,251 |
| Consolidated total liabilities | **141,558** | 172,619 |

**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, and other non-current assets and the location of the operations to which they are allocated, in the case of intangible assets and interests in joint ventures. 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** | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Hong Kong | **–** | – | **–** | 61 |
| The PRC (excluding Hong Kong) | **49,825** | 44,714 | **74,760** | 38,829 |
| Canada | **44,757** | 42,874 | **84,611** | 92,631 |
| | **94,582** | 87,588 | **159,371** | 131,521 |

**Information about major customers**

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 2018 and 2017.

## 6. OTHER INCOME

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Interest income from bank deposits | **21** | 24 |
| Gain on disposal of property, plant and equipment | **7** | – |
| Gain on amount due to a director stated at fair value upon initial recognition | **151** | 3,790 |
| Government rewards *(note)* | **629** | – |
| Interest income for amount due from a third party | **475** | – |
| Others | **126** | 178 |
| | **1,409** | 3,992 |
| **Discontinued operations** | | |
| Interest income from bank deposits | **–** | 24 |
| Gain on disposal of property, plant and equipment | **–** | 152 |
| Government grants | **–** | 1,387 |
| Reversal of allowance for doubtful debts | **–** | 46 |
| Written back of trade payables | **–** | 5,779 |
| Reversal of allowance for inventories | **–** | 271 |
| Others | **–** | 2,416 |
| | **–** | 10,075 |

*Note:* The government rewards provided by the PRC government to the Group were paid mainly as an incentive for maintaining good quality of properties management. There are no conditions and contingencies attached to the receipt of the government rewards and they are non-recurring in nature.

## 7. FINANCE COSTS

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| Interests on: | | |
| – Finance leases | **–** | 4 |
| – Secured loans | **2,176** | 1,894 |
| – Bonds | **3,352** | 2,837 |
| – Imputed interest on amount due to a director | **1,994** | 2,369 |
| | **7,522** | 7,104 |

## 8. LOSS BEFORE INCOME TAX

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | *(Note)* |
| **Continuing operations** | | |
| Auditor's remuneration | **860** | 820 |
| Operating lease charges: minimum lease payments | **1,964** | 2,423 |
| Staff costs (including directors' remuneration) | **53,871** | 46,733 |
| – salaries, wages, allowances, long service payments and other benefits in kind | **41,494** | 41,380 |
| – retirement schemes contributions | **2,537** | 2,614 |
| – equity-settled share-based payment expenses | **9,840** | 2,739 |
| Cost of inventories | **8,385** | 8,254 |
| Net foreign exchange gain | – | (2) |
| Depreciation | **3,462** | 3,460 |
| Loss allowance of trade receivables | **1,199** | 5,389 |
| Amortisation of intangible assets *(note 12)* | **4,562** | 4,562 |
| **Discontinued operations** | | |
| Operating lease charges: minimum lease payments | – | 2,885 |
| Staff costs (including directors' remuneration) | – | 27,027 |
| – salaries, wages, allowances, long service payments and other benefits in kind | – | 25,755 |
| – retirement schemes contributions | – | 1,272 |
| Cost of inventories | – | 88,519 |
| Net foreign exchange gain | – | (82) |
| Reversal of allowance for doubtful debts | – | (46) |
| Allowance for inventories | – | 724 |
| Reversal of allowance for inventories | – | (271) |
| Depreciation | – | 2,698 |

*Note:* The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 3.

## 9. INCOME TAX EXPENSES

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Continuing operations** | | |
| **PRC Corporate Income Tax** | | |
| Provision for the year | **1,920** | 5,596 |
| **Deferred tax** | **(684)** | (684) |
| | **1,236** | 4,912 |

*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 2018 and 2017.

(b) Provision for the PRC Corporate Income Tax is calculated at 25% of the estimated assessable profits for both years ended 31 December 2018 and 2017.

(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 2018 and 2017. 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 2018 and 2017. No provision for taxation has been made as there is no assessable profit for the years ended 31 December 2018 and 2017.

(e) United States of America ("USA") Corporation Tax is calculated at Federal tax rate of 21% and California provincial tax rate of 8.84% on the estimated assessable profits for the year ended 31 December 2018. No provision for taxation has been made as there is no assessable profit for the year ended 31 December 2018.

(f) 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 2018 and 2017, 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:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **(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 | **(21,820)** | (22,746) |
| – from discontinued operations | **–** | 14,217 |
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares as at 31 December | **531,213** | 456,409 |

Diluted (loss)/earnings per share for the years ended 31 December 2018 and 2017 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 2017, 31 December 2017, 1 January 2018 and 31 December 2018 | 45,616 |
| **Amortisation** | |
| As at 1 January 2017 | 6,463 |
| Charges for the year | 4,562 |
| As at 31 December 2017 and 1 January 2018 | 11,025 |
| Charges for the year | 4,562 |
| As at 31 December 2018 | 15,587 |
| **Carrying values** | |
| As at 31 December 2018 | 30,029 |
| As at 31 December 2017 | 34,591 |

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 7 years.

Management of the Group considered that no impairment of intangible assets is necessary as at 31 December 2018 and 2017.

## 13. TRADE AND OTHER RECEIVABLES

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | *(Note)* |
| Trade receivables, net of loss allowance *(note (a))* | | |
| – with third parties | **542** | 1,532 |
| – with related companies | **26,580** | 24,555 |
| | **27,122** | 26,087 |
| Deposits and other receivables | **2,724** | 2,651 |
| Amount due from a third party | **6,004** | – |
| Amounts due from related companies | **648** | 2,522 |
| Prepayments | **1,214** | 1,532 |
| | **37,712** | 32,792 |

*Note:* The Group has initially applied HKFRS 9 at 1 January 2018. As at 1 January 2018, loss allowance of trade receivables amounted to HK$145,000 was recognised. Under the transition methods chosen, comparative information is not restated. See note 3.

### (a) 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 loss allowance of trade receivables, based on the date of delivery of goods or date of rendering of services which approximated the respective dates on which revenue was recognised.

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **1,176** | 2,926 |
| 91 to 180 days | **1,086** | 3,292 |
| 181 to 365 days | **2,633** | 6,604 |
| Over 365 days | **22,227** | 13,265 |
| | **27,122** | 26,087 |

The movements in loss allowance of trade receivables during the year are as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Balance at 31 December calculated under HKAS 39 | **5,610** | 10,956 |
| Impact on initial application of HKFRS 9 *(note 3)* | **145** | – |
| Adjusted balance at 1 January calculated under HKFRS 9 | **5,755** | 10,956 |
| Loss allowance of trade receivables during the year | **1,199** | 5,389 |
| Reversal of allowance for doubtful debts | **–** | (46) |
| Reversal of allowance for doubtful debts through disposal of subsidiaries | **–** | (10,910) |
| Exchange adjustments | **(343)** | 221 |
| As at 31 December | **6,611** | 5,610 |

## 14. TRADE AND OTHER PAYABLES

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| | | *(Note)* |
| Trade payables | **1,234** | 1,903 |
| Accruals | **855** | 1,886 |
| Other payables | **9,883** | 10,784 |
| | **11,972** | 14,573 |

*Note:* The Group applies the practical expedient for not adjusting the amount of consideration for the effects of a significant financing component if the period between the transfer of services and customer payment will be one year or less and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised will be less than one year. As at 1 January 2018, advance from customers related to hotel operation and properties management totalling HK$4,508,000 were reclassified to "Contract liabilities".

The ageing analysis of trade payables, based on the invoice date, at the end of the reporting period, is set out as follows:

| | 2018 | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 90 days | **1,227** | 1,878 |
| 91 to 180 days | **–** | 18 |
| 181 to 365 days | **4** | 5 |
| Over 365 days | **3** | 2 |
| | **1,234** | 1,903 |

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 2018, the secured loans were repayable as follows:

| | 2018 | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within one year – current portion | **2,012** | 2,059 |
| Non-current portion | | |
| After one year but within two years | **2,122** | 2,180 |
| After two years but within five years | **7,110** | 7,288 |
| After five years | **24,769** | 29,501 |
| | **34,001** | 38,969 |
| | **36,013** | 41,028 |

In September 2016, the Group signed two mortgage loans facilities with an aggregate principal amount of CAD7,000,000 (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$82,956,000 (2017: HK$90,023,000) repayable within fifteen years and bear an interest rate of 2% plus prime rate per annum and guaranteed by 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 was 5.6% (2017: 4.8%) per annum for the year ended 31 December 2018.

## 16. BONDS

| | **2018** | 2017 |
|---|---|---|
| | ***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** | 10,000 |
| Bonds carried at fixed coupon rate of 3% per annum *(note (d))* | **10,181** | – |
| | **60,181** | 50,000 |

*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 Mr. Shen Ke who resigned as a director of the Company on 21 September 2018. The amount is repayable within 84 months from the date of issue, which is 30 November 2024.

(d) The Company issued a bond with the principal amount of HK$10,181,000 as part of the consideration in respect of the acquisition of the joint ventures during the year. The bond bears interest rate at 3% per annum and is unsecured. The amount is repayable within 36 months from the date of issue, which is 5 March 2021.

## 17. COMMITMENTS

### (a) Capital commitments

Capital commitments outstanding as at 31 December 2018 not provided for in the consolidated financial statements are as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Contracted for | – | 44,501 |

**(b) Operating lease commitments**

As at 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | 2018 | 2017 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within one year | **1,890** | 1,850 |
| In the second to fifth years inclusive | **3,151** | 4,859 |
| | **5,041** | 6,709 |

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 (2017: 3 years) for the Group. None of the leases includes contingent rentals.

## 18. COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

## 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 2018 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 2018 (2017: 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 Wednesday, 29 May 2019 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, 26 April 2019.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 22 May 2019 to Wednesday, 29 May 2019, 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 Tuesday, 21 May 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue and Segment Information

Revenue represents hotel operating income and property management income. Revenue increased by 8.0% to approximately HK$94,582,000 from approximately HK$87,588,000 in 2017 was mainly attributable to the increase in hotel operation income and property management income during the year ended 31 December 2018.

**Direct Costs**

Direct costs increased by approximately HK$3,427,000 or 6.2% to approximately HK$58,890,000 which was in line with the increase in revenue.

**Gross Profit**

Gross profit increased by approximately HK$3,567,000 or 11.1% which was in line with the increase in revenue.

**Other Income**

Other income decreased by approximately HK$2,583,000 from approximately HK$3,992,000 in 2017 to approximately HK$1,409,000 in 2018. 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$3,869,000 from approximately HK$46,847,000 in 2017 to approximately HK$50,716,000 in 2018. The increase was mainly due to additional equity-settled share-based payment expenses of HK$7,101,000 against the decrease in loss allowance of trade and other receivable of HK$4,190,000.

**Finance Costs**

The Group's finance costs during the year amounted to HK$7,522,000 (2017: HK$7,104,000) mainly due to the issuance of a 3% coupon unlisted bond of HK$10,181,000 in March 2018.

**Taxation**

Income tax expense decreased from approximately HK$4,912,000 in 2017 to approximately HK$1,236,000 in 2018 was mainly attributable to the decrease in provision for PRC Corporate Income Tax by approximately HK$3,676,000.

**Loss for the Year**

As a result of the foregoing combined effects of the above, the Group recorded a net loss of approximately HK$21,820,000.

**Liquidity and Financial Resources**

As at 31 December 2018, the Group's net current assets and current ratio were approximately HK$8,550,000 and 1.23 respectively (2017: HK$16,643,000 and 1.54 respectively).

### Charge on Assets

As at 31 December 2018, the Group's land and buildings held for own use of approximately HK$82,956,000 (2017: HK$90,023,000) were pledged to secure banking facilities granted to the Group.

### Capital Structure

For the year ended 31 December 2018, the Group financed its liquidity requirements through a combination of cash flow as generated from operations, secured loans, bonds and advances from a director.

### Commitment and Contingent Liabilities

As at 31 December 2018, the Group had operating lease commitments of approximately HK$5,041,000 (2017: HK$6,709,000) and did not have any significant contingent liabilities.

## BUSINESS REVIEW

### Hotel Operation Business

Revenue from hotel operation accounted for approximately 47.3% of the total revenue. For the year 2018, the hotel achieved occupancy of 80.7% (2017: 77.9%) and growth in revenue of other hotel related services by 5.8%. The revenue was increased by approximately HK$1,883,000 from approximately HK$42,874,000 in 2017 to approximately HK$44,757,000 in 2018.

### Property Management Business

Revenue from property management business amounted to approximately HK$49,825,000, representing an increase of 11.4% comparing to approximately HK$44,714,000 in 2017. The increase was due to the increase in areas under management from approximately 507,000 square metres in 2017 to approximately 579,000 square metres in 2018. The segmental revenue accounted for approximately 52.7% of the total revenue of the Group.

### Net Gearing Ratio

The net gearing ratio was 1.38 as at 31 December 2018 (31 December 2017: 12.5). 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 2018, the Group had approximately 361 employees, including 234 based in the PRC, 11 based in Hong Kong and 116 based in Canada. Staff costs from continuing operations for the year ended 31 December 2018 were approximately HK$53,871,000, representing an increase of approximately HK$7,138,000 as compared to approximately HK$46,733,000 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 Dollar 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 2018 and 2017, the Group did not enter into any forward foreign currency contracts.

**Prospects**

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 2018, 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 annual general meeting on 29 May 2018 (the "AGM") and extraordinary general meeting on 20 December 2018 ("the EGM"). During the year ended 31 December 2018, 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 2018.

### 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 2018.

**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 2018, 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 2018 annual report is expected to be despatched to shareholders of the Company on or before Friday, 26 April 2019, 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 2019

*As at the date hereof, the executive Directors of the Company are Mr. SHEN Yong and Mr. GAN Lin; 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.*