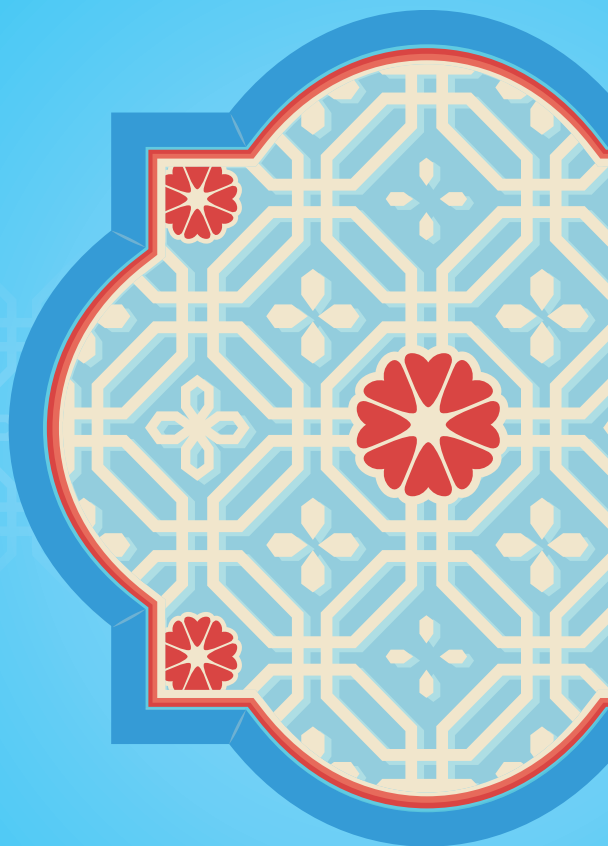


# CHINA FORTUNE INVESTMENTS

## 中國幸福投資

First Quarterly Report  
2018



中國幸福投資(控股)有限公司  
China Fortune Investments (Holding) Limited

CHINA FORTUNE INVESTMENTS (HOLDING) LIMITED  
(Incorporated in the Cayman Islands with Limited Liability)  
(Stock code: 8116)

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors of China Fortune Investments (Holding) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## **FINANCIAL HIGHLIGHT**

- Recorded an unaudited revenue of the Group approximately HK\$52.3 million for the three months ended 31 March 2018 and HK\$51.8 million for the three months ended 31 March 2017. Gross profit is approximately HK\$31.3 million in 2018 and approximately HK\$18.5 million in 2017;
- Recorded an unaudited profit attributable to the equity holders of the Company of approximately HK\$4.6 million, for the three months ended 31 March 2018;
- The Directors do not recommend the payment of a dividend for the three months ended 31 March 2018.

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2018, together with the unaudited comparative figures for the corresponding period in last year, are as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2018

		(Unaudited)	
		For the three months	
		ended 31 March	
		2018	2017
	NOTES	HK\$'000	HK\$'000
Revenue	2	52,262	51,826
Cost of sales		<u>(20,931)</u>	<u>(33,315)</u>
Gross profit		31,331	18,511
Other income and gains, net	2	721	242
Selling and distribution expenses		(1,373)	–
Administrative expenses		(11,423)	(6,015)
Finance costs		<u>(9,045)</u>	<u>(9,619)</u>
Profit before income tax expenses		10,211	3,119
Income tax expenses	3	<u>(5,580)</u>	<u>(2,643)</u>
Profit for the period		<u>4,631</u>	<u>476</u>
Profit for the period attributable to:			
Owners of the Company		4,645	489
Non-Controlling interests		<u>(14)</u>	<u>(13)</u>
		<u>4,631</u>	<u>476</u>

	(Unaudited)	
	For the three months ended 31 March	
	2018	2017
NOTES	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>4,631</u>	<u>476</u>
<b>Other comprehensive income</b>		
Exchange difference on translation of foreign operations	<u>5,594</u>	<u>–</u>
Other comprehensive income for the period, net of tax	<u>5,594</u>	<u>–</u>
<b>Total comprehensive income for the period</b>	<u>10,225</u>	<u>476</u>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	10,239	489
Non-controlling interests	<u>(14)</u>	<u>(13)</u>
	<u>10,225</u>	<u>476</u>
<b>Earnings per share attributable to</b>	4	
<b>Shareholder of the Company</b>		
Basic ( <i>HK cents per share</i> )	<u>0.15</u>	<u>0.02</u>
Diluted ( <i>HK cents per share</i> )	<u>0.26</u>	<u>0.29</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2018 (unaudited)

	Share Capital	Share Premium	Merger Reserve	Statutory Surplus Reserve	Convertible Bonds Equity Reserve	Exchange Currency Translations Reserves	Accumulated Losses	Non- controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Three months ended 31 March 2017									
At 1 January 2017	11,965	1,773,338	(46,815)	-	88,804	-	(1,621,678)	486	206,100
Total comprehensive income attributable to shareholders	-	-	-	-	-	-	489	(13)	476
At 31 March 2017	11,965	1,773,338	(46,815)	-	88,804	-	(1,621,189)	473	206,576
Three months ended 31 March 2018									
At 1 January 2018	15,156	1,995,281	(46,815)	207	49,267	705	(1,617,993)	370	396,178
Exchange difference on translation of foreign operations	-	-	-	-	-	5,594	-	-	5,594
Transfer to statutory surplus reserve	-	-	-	1,379	-	-	(1,379)	-	-
Total comprehensive income attributable to shareholders	-	-	-	-	-	-	4,645	(14)	4,631
At 31 March 2018	15,156	1,995,281	(46,815)	1,586	49,267	6,299	(1,614,727)	356	406,403

Notes:

**1. Basis of preparation and principal accounting policies**

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong, Accounting Standards and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the GEM Listing Rules. They have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair value.

The accounting policies and method of computation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 December 2017. The condensed consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

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

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>5</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 & HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle <sup>2</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 40	Investment Property <sup>1</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021

**1. Basis of preparation and principal accounting policies (continued)**

The Group is in the process of making an assessment of the potential impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

**2. Revenue, other income and gains, net**

Revenue, which is also the Group's turnover, represents (i) the net invoiced value of goods sold, after allowances for returns, trade discounts, value-added tax and consumption tax, and (ii) the income from provision of consultancy service on the P2P online platform.

An analysis of the revenue, other income and gains, net, as follows:

	<b>(Unaudited)</b>	
	<b>For the three months</b>	
	<b>ended 31 March</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Wine & Cigar business	<b>17,750</b>	49,964
Golf business	<b>6,930</b>	1,862
Watches & Jewellery business	<b>1,842</b>	–
P2P loan facilitation services	<b>25,290</b>	–
Money lending	<b>450</b>	–
	<b>52,262</b>	51,826
<b>Other income and gains, net</b>		
Others	<b>721</b>	242
<b>Total revenues</b>	<b>52,983</b>	52,068



### 3. Income tax expenses

The amount of taxation charged to the condensed consolidated statement of comprehensive income represents:

		<b>(Unaudited)</b>	
		<b>For the three months ended 31 March</b>	
		<b>2018</b>	2017
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax	(i)	<b>584</b>	2,643
Overseas taxation	(ii)	<b>4,996</b>	–
		<b>5,580</b>	2,643

*Notes:*

- (i) Hong Kong profit tax has been provided at the rate of 16.5% on estimated assessable profits arising in Hong Kong during the period.
- (ii) Overseas taxation represents tax charges on the assessable profits of certain subsidiaries operators in the PRC calculated at the applicable rates.

### 4. Earnings per share

The calculation of the basic and diluted earnings per share are based on:

		<b>(Unaudited)</b>	
		<b>For the three months ended 31 March</b>	
		<b>2018</b>	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>			
Profit for the period attributable to owners of the Company		<b>4,645</b>	489
Effect of dilutive potential ordinary share: Interest on convertible bonds (net of tax)		<b>5,830</b>	9,619
Profit for the purpose of diluted earnings per share		<b>10,475</b>	10,108

4. Earnings per share (continued)

	(Unaudited) As at 31 March 2018	2017
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>3,031,101,766</b>	2,393,006,528
Effect of dilutive potential ordinary share: Convertible bonds	<b>1,025,931,191</b>	<u>1,036,762,544</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>4,057,032,957</b>	<u>3,429,769,072</u>

5. Dividend

The Board does not recommend the payment of a dividend for the three months ended 31 March 2018 (2017: Nil).

6. Comparative figures

Certain comparative figures have been reclassified to conform with current period's presentation.

## **BUSINESS REVIEW AND OUTLOOK**

### **Wine, Cigar and Golf products retail and trading business in Hong Kong**

Maxpark Enterprises Limited (“Maxpark”) and its subsidiaries (collectively “Maxpark Group”) engages in the retail and trading business of wine, cigar and golf products through 5 direct subsidiaries all of which are incorporated in Hong Kong, namely Queensway Wine International Limited, Queensway Wine (Hong Kong) Limited, Queensway Golf International Limited, Mass Fortune (Asia) Limited and Kasco (Hong Kong) Limited (“HK Subsidiaries”). Kasco (Hong Kong) Limited is a direct subsidiary of Maxpark and held as to 90.5% by Maxpark and 9.5% by an Independent Third Party.

### **Wine and cigar business**

#### ***I Products***

Maxpark Group sells a wide variety of wine products including red wine, white wine, champagne, whisky and other liquors and spirits, with particular focus on premium red wine produced from the leading wineries in France, namely Château Lafite Rothschild in Pauillac, Château Latour in Pauillac, Château Margaux in Margaux, Château Haut-Brion in Pessac-Léognan and Château Mouton Rothschild in Pauillac. The origin of the wine are mainly from France, the United States and Italy. Maxpark Group also sells cigar and tobacco which are considered to be complementary to the needs of the customers for the wine products.

#### ***II Suppliers***

Maxpark Group sources its wine products from both overseas and local wine distributors and merchants. Overseas suppliers include wine distributors and merchants for leading wineries in France, United Kingdom, United States, Italy, Chile and Australia. Maxpark Group obtains its supplies for cigar and tobacco products from local distributors.

#### ***III Customers***

The customers for Maxpark Group’s wine products include corporations engaging in entertainment, travel, restaurants and luxury products businesses and high net-worth individuals.

#### ***IV Storage***

Maxpark Group’s wine inventory are stored either at its retail shop or at external warehouses which are equipped with automatic air-conditioning system to control the humidity and temperature of the storage environment.

## **Golf business**

### ***I Products***

Maxpark Group sells a wide range of golf related products including golf club, ball, shoes, glove, clothing and other accessories of various reputable brands from different countries.

### ***II Suppliers***

Maxpark Group mainly sources its golf products from local distributors with the exception of “Kasco” brand products which are sourced directly from Kasco’s Japan and Taiwan office. Maxpark Group is the sole distributor in Hong Kong of “Kasco” brand golf products. “Kasco” is a well-known Japanese golf brand with over 50 years’ history. Maxpark Group will also source products from overseas suppliers according to customers’ needs.

### ***III Customers***

The customers for Maxpark Group’s golf products include individual retail customers, local corporate customers such as banks and large corporations. Wholesale customers are mainly local golf clubs and golf retail shops.

## **Wine, Cigar and Golf products retail stores**

Maxpark Group currently operates one shop for retail of wine products, cigar and tobacco and one shop for retail of golf products. The two shops are leased properties located next to each other at Shun Tak Centre, Sheung Wan, Hong Kong and occupy a total gross floor area of approximately 4,100 square feet.

## **Trading of internationally renowned watch brands and luxury and prestigious jewellerys in Hong Kong**

On 19 January 2018, the Group announced that the commencement of the trading of internationally renowned watch brands and luxury and prestigious jewellerys in Hong Kong through a direct subsidiary of Maxpark, Queensway Watch & Jewellery Limited (“Queensway Watch”) with a view to strengthen the existing retail and trading business of Maxpark Group. The Group expects that the expansion will enable the Group to diversify its product category to enrich the Group’s retail and trading business portfolio which will broaden the income streams of the Group.

### ***I Products***

Queensway Watch will focus on high-grade watch products. Tourbillon, Luxury watch or Miniature Painting watch be the initial type of products to source by Queensway Watch.

### ***II Supplier***

Queensway Watch will sources the watch products mainly from the manufacturer directly in United States and Switzerland. The suppliers including Richard Mille, Audemars Piguet and Bovet 1822 which are the large and well-known luxury watch producer in the market.

### ***III Customers***

The customers for Queensway Watch mainly include high net-worth individuals.

The Group expects this business expansion to grow steadily and generate sustainable income in the coming future.

## **Money Lending Business in Hong Kong**

China Fortune Investments Finance Limited (“CFI Finance”) is an indirect subsidiary of the Group, which was incorporated in 2016 in Hong Kong. A money lender license was granted to CFI Finance in 2017 in accordance with the Money Lenders Ordinance to carry on money lending business. CFI Finance targets to provide customers with a wide range of loan products and services to meet their financial needs. CFI Finance targets to provide secured loans to customers including individuals and corporations.

## **P2P online credit platform in China**

Affluent Grand Limited (“Affluent”) and its subsidiaries (collectively “Affluent Group”) engages in the P2P online lending services in the PRC through its indirect subsidiary 口貨網絡服務股份有限公司 (“OPCO”).

OPCO provides matching services to borrowers and private lenders through the P2P online platform and its branches at Chengdu, Shenzhen, Beijing and Shanghai. As OPCO merely serves as an agent to match lenders and borrowers, OPCO do not lend any money and is not subject to any default risks on interest and principal payments by the borrowers. In the event of default by borrowers, OPCO will assist the lenders as agent to seek recovery through enforcement of security and/or legal procedures and/or debt collecting agents. OPCO may at its discretion consider acquiring the defaulted loans from the lenders where appropriate after having regard to factors such as whether the value of the pledged assets provide sufficient margin to cover the amount of such defaulted loans, the potential profit from the defaulted loans such as extra penalty interest and the financial resources of OPCO. All the loans are secured by landed properties located in the PRC.

The average loan size handled by OPCO ranged from RMB100,000 to RMB1,000,000 with average repayment terms ranging from 3 to 6 month. The primary source of income of OPCO came from the service fees charged on the borrowers. OPCO also charged service fees on the lenders depending on the level of past transaction records by the lenders with OPCO.

### **Group's other business**

Apart from the above mentioned, the Group had no other significant acquisition or disposal of investments during the year ended 31 March 2018.

Furthermore, the Group continues to explore any other new potential investment opportunities to improve the Group's standard performance and returns to its shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

For the three months ended 31 March 2018, the unaudited consolidated revenue of the Group was approximately HK\$52.3 million and HK\$51.8 million in the corresponding period in 2017. The revenue approximately HK\$24.7 million was generated from retail and wholesales of wine, cigar and golf products, approximately HK\$1.8 million was generated from trading of watches & jewellery business, approximately HK\$25.3 million was generated from P2P online platform and HK\$450,000 was generated from loan interest income.

### **Other revenue**

For the three months ended 31 March 2018, the Group obtained approximately HK\$721,000 in other revenues.

### **Selling and distribution expenses**

Selling and distribution expenses amounted to HK\$1.4 million for the three months ended 31 March 2018 (2017: Nil). Selling and distribution expenses mainly included salaries and wages and advertising expenses.

### **Administrative expenses**

Administrative expenses increased from approximately HK\$6.0 million for the three months ended 31 March 2017 to approximately HK\$11.4 million in the corresponding period in 2018. Administrative expenses mainly included salaries and wages, rental expenses and amortisation of intangible assets.

### **Finance costs**

Finance costs slightly decreased from HK\$9.6 million for the three months ended 31 March 2017 to approximately HK\$9.0 million in the corresponding period in 2018. The finance costs were mainly consisted of imputed interest in convertible bonds, interest in promissory notes and interest in bank borrowings. The decrease of finance costs was mainly attributed to the outstanding number of convertible bonds were decreased resulted in the decrease in the imputed interests in convertible bonds.

### **Results for the period**

The unaudited profit attributed to shareholders approximately HK\$4.6 million for the three months ended 31 March 2018 and unaudited profit attributed to shareholders was approximately HK\$489,000 in the corresponding period in 2017. The changes in 2018 was mainly attributed to the profits generated from P2P online credit platform.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 31 March 2018, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As at 31 March 2018, so far as is known to the Directors of the Company, the following persons (other than a Director and the chief executive of the Company) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### Long positions in the ordinary shares of HK\$0.005 each of the Company

Name of the Shareholders	Type of interest	Number of shares	Number of underlying shares	Total Number of shares and underlying shares	Approximate percentage of issued share capital
Shiny Valour Limited <i>(Note 1)</i>	Beneficial	152,000,000	–	152,000,000	5.01%
Radiant Thrive Enterprises Limited <i>(Note 2)</i>	Beneficial	201,470,398	–	201,470,398	6.65%
Rock Action Investments Co., Ltd. <i>(Note 3)</i>	Beneficial	–	216,165,413	216,165,413	7.13%
Wang Tak Investment Limited <i>(Note 3)</i>	Beneficial	–	302,631,579	302,631,579	9.98%
Tai Quan Enterprises Limited <i>(Note 4)</i>	Beneficial	–	242,424,242	242,424,242	8.00%
Extreme Rich Corporate Development Limited <i>(Note 5)</i>	Beneficial	–	242,424,242	242,424,242	8.00%



*Notes:*

1. Shiny Valour Limited is wholly owned by Yao Yi Yi who is deemed to be interested in the shares.
2. Radiant Thrive Enterprises Limited is wholly owned by Zhang Cheng Cheng who is deemed to be interested in the shares.
3. Rock Action Investments Co., Ltd. and Wang Tak Investment Limited are wholly owned by Zou Lian Di who is deemed to be interested in the shares.
4. Tai Quan Enterprises Limited is wholly owned by Zhao Xin who is deemed to be interested in the shares.
5. Extreme Rich Corporate Development Limited is wholly owned by Ren Wei who is deemed to be interested in the shares.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other person (other than the Directors or the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## **SHARE OPTION SCHEME**

The Company adopted a new share option scheme on 16 June 2017 (“the Scheme”), which became effective for a period of 10 years commencing on 16 June 2017. Under the Scheme, the Directors of the Company may at their discretion grant options to any eligible person to subscribe for the shares of the Company (“Share”) at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. The offer of a grant of option shall remain open for acceptance within 28 days from the date of offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of the option. The exercise period of the option must not be more than 10 years from the date of grant of the option.

The Company operates the Scheme for the purpose of advancing the interests of the Company and its shareholders by enabling the Company to grant options to attract, retain and reward any eligible persons which include any director of the Group, any employee of the Group, any consultant, adviser, agent, supplier, customer, business partner or shareholder of the Group for their contribution or potential contribution to the Group.

The total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes in force from time to time must not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the relevant resolution adoption the Scheme.

As at 31 March 2018, no share options were outstanding.

## **COMPETING INTERESTS**

The directors of the Company are not aware of, as at 31 March 2018, any business or interests of each directors of the Company, management shareholders and the respective associates (as defined in the GEM Listing Rules) of each that competes or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Company's corporate governance practices are based on the principles and the code provisions (the "Code") as set out in the Corporate Governance Code as set out in Appendix 15 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). The principles adopted by the Company emphasis a quality board, transparency and accountability to shareholders. In the opinion of the Board, the Company has complied with the Code for the period ended 31 March 2018.

## **AUDIT COMMITTEE**

The audit committee has been established since July 2000 with defined terms of reference, which are of no less exacting terms than those set out in the Corporate Governance Code of the GEM Listing Rules, to review the Group's financial reporting, internal controls, and corporate governance and risk management matters and to make relevant recommendations to the Board.

The audit committee comprises three Independent Non-executive Directors of the Company, namely Mr. Lee Chi Hwa Joshua (Chairman), Mr. Xu Jingan and Mr. Chang Jun. The Group's unaudited results for the three months ended 31 March 2018 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures have been made.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2018.

By order of the Board of  
**CHINA FORTUNE INVESTMENTS (HOLDING) LIMITED**  
**Pan Xiaodong**  
*Chairman*

Hong Kong, 15 May 2018

*As at the date of this report, the Board comprises five executive Directors, namely Mr. Pan Xiaodong (Chairman), Mr. Cheng Chun Tak, Mr. Liu Yunming, Mr. Stephen William Frostick and Ms. Li Ka Ki, one non-executive Director, namely Mr. Huang Shenglan and four independent non-executive Directors, namely Mr. Chang Jun, Mr. Xu Jingan, Mr. Lee Chi Hwa Joshua and Ms. Ching Wai Han.*