

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
REPORT OF THE SOLE DIRECTOR

The Sole director has pleasure in submitting the annual report together with the audited financial statements for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the company are investment, management and consulting.

RESULTS AND AFFAIRS

The result of the company for the year ended 31 December 2016 and the state of its affairs at that date are set out in the annexed financial statements.

DIRECTOR

The Sole director during the year was:

HUANG Huei-Ching

In accordance with article 13 of the company's articles of association, a director is not subject to rotation or retirement at the annual general meeting.

DIRECTOR'S INTERESTS

No contracts of significance in relation to the company's business to which the company was a party and in which the sole director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

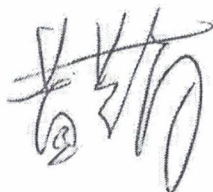
At no time during the year was the company a party to any arrangements to enable the sole director of the company to acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
REPORT OF THE SOLE DIRECTOR

AUDITORS

The financial statements have been audited by Golden Mark & Company, Certified Public Accountants who retire and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board



Sole Director (HUANG Hui-Ching)
Hong Kong, 24 MAR 2017



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED**

(incorporated in Hong Kong with limited liability)

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Asia Fortune International Holdings Limited and its subsidiary ("the Group") out on pages 6 to 22 which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Golden Mark & Co.

GOLDEN MARK & COMPANY

Certified Public Accountants

Hong Kong, 24 MAR 2017

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>NOTES</u>	<u>2016</u> US\$	<u>2015</u> US\$
REVENUE	3	5,712,002	708,510
DIRECT COST		<u>(1,033,435)</u>	<u>(54,514)</u>
GROSS PROFIT		4,678,567	653,996
OTHER INCOME	3	1,765,933	--
ADMINISTRATIVE EXPENSES		<u>(34,785)</u>	<u>(3,927)</u>
PROFIT BEFORE TAXATION	4	6,409,715	650,069
INCOME TAX	5	<u>--</u>	<u>--</u>
PROFIT FOR THE YEAR	6	6,409,715	650,069
OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>--</u>	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,409,715</u></u>	<u><u>650,069</u></u>

The notes on pages 10 to 22 form part of the financial statements.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	NOTES	2016 US\$	2015 US\$
NON-CURRENT ASSETS			
Investment in associate	7	--	--
Other investment	8	7,091,045	72,020
		<u>7,091,045</u>	<u>72,020</u>
CURRENT ASSETS			
Loan receivable	9	154,800	--
Other receivable, deposits and prepayments		83,659	515,767
Amount due from associate		44,699	--
Amounts due from shareholders		129,032	129,032
Cash and bank balances	10	1,127,487	66,134
		<u>1,539,677</u>	<u>710,933</u>
CURRENT LIABILITIES			
Amount due to sole director		139,339	--
Other payable and accruals		1,303,746	5,031
		<u>1,443,085</u>	<u>5,031</u>
NET CURRENT ASSETS		<u>96,592</u>	<u>705,902</u>
NET ASSETS		<u>7,187,637</u>	<u>777,922</u>
Financed by :			
SHARE CAPITAL	11	129,032	129,032
RETAINED PROFITS		<u>7,058,605</u>	<u>648,890</u>
SHAREHOLDERS' FUND		<u>7,187,637</u>	<u>777,922</u>

Approved on behalf of the Board by:


 Sole Director
 HUANG Hwei-Ching

The notes on pages 10 to 22 form part of the financial statements.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital US\$	(Accumulated loss)/ Retained profits US\$	Total US\$
Balance at 1 January 2015	129,032	(1,179)	127,853
Total comprehensive income for the year	<u>--</u>	<u>650,069</u>	<u>650,069</u>
Balance at 31 December 2015	<u>129,032</u>	<u>648,890</u>	<u>777,922</u>
Balance at 1 January 2016	129,032	648,890	777,922
Total comprehensive income for the year	<u>--</u>	<u>6,409,715</u>	<u>6,409,715</u>
Balance at 31 December 2016	<u>129,032</u>	<u>7,058,605</u>	<u>7,187,637</u>

The notes on pages 10 to 22 form part of the financial statements.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	<u>2016</u> US\$	<u>2015</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,409,715	650,069
Adjustments for:		
Provision for investment in associate	<u>451</u>	<u>--</u>
	6,410,166	650,069
Decrease/(increase) in other receivable, deposits and prepayment	277,308	(515,699)
Increase in amount due from associate	(44,699)	--
Increase in amount due to sole director	139,339	--
Increase in other payable and accruals	<u>1,298,715</u>	<u>3,741</u>
	<u>8,080,829</u>	<u>138,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investment in associate	(451)	--
Increase in other investment	<u>(7,019,025)</u>	<u>(72,020)</u>
	<u>(7,019,476)</u>	<u>(72,020)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>--</u>	<u>--</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,061,353	66,091
OPENING CASH AND CASH EQUIVALENTS	<u>66,134</u>	<u>43</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>1,127,487</u></u>	<u><u>66,134</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u><u>1,127,487</u></u>	<u><u>66,134</u></u>

The notes on pages 10 to 22 form part of the financial statements.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. GENERAL

The company is a private limited company incorporated in Hong Kong.

The company's registered office is located at Unit 7-8, 13/F, Progress Commercial Building, 9 Irving Street, Causeway Bay, Hong Kong.

The principal activities of the company are investment, management and consulting.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, as modified by financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements.

a. Subsidiary

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group has opted the latter alternative to measure the non-controlling interest in the acquiree.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

a. Subsidiary (Continued)

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b. Associates

An associate is an entity in which the group or company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions, and generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investment in associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associated, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

c. Other long term investment

Other long term investment is held for long term and stated at cost less permanent diminution in value, if any.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

d. Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

e. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

f. Revenue recognition

Fee income is recognized when the service is rendered.

Interest income is recognized on time proportion basis.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

g. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

h. Translation of foreign currencies

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in United States dollars (US\$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

i. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

3. REVENUE AND OTHER INCOME

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Revenue</u>		
Fee income	<u>5,712,002</u>	<u>708,510</u>
<u>Other sundry</u>		
Interest income	4	--
Excess on acquisition of subsidiary	<u>1,765,929</u>	<u>--</u>
	<u>1,765,933</u>	<u>--</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Audit fee	5,161	1,290
Director's remuneration		
- fee	--	--
- other emoluments	<u>--</u>	<u>--</u>

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016****5. INCOME TAX**

No provision for Hong Kong Profits Tax has been made as the sole director considers that the company did not earn income subject to Hong Kong Profits Tax during the year.

6. PROFIT FOR THE YEAR

Profit/(loss) for the year is retained as follows:

	<u>2016</u>	<u>2015</u>
	US\$	US\$
By the company	(313,795)	650,069
By the subsidiary	4,957,581	--
Excess on acquisition of subsidiary	<u>1,765,929</u>	<u>--</u>
	<u>6,409,715</u>	<u>650,069</u>

7. INVESTMENT IN ASSOCIATE

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Unlisted shares, at cost (HK\$3,500)	451	--
Less : Provision	<u>(451)</u>	<u>--</u>
	<u>--</u>	<u>--</u>

a. Details of the associate are as follows:

Name of company	: Hua Teng Financial Group Limited
Place of incorporation	: Hong Kong
Percentage of equity interest	: 35%
Principal activities	: investment, management and consulting

b. The company acquired 35% equity interest in the associate from a shareholder, Kao Chien-Chih, at a consideration of HK\$3,500 on 21 November 2016.

c. The associate has not yet started to have business revenue. The sole director considers that the loss to the Group is limited to the cost of investments and thus full provision is made as at 31 December 2016.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016****8. OTHER LONG TERM INVESTMENT**

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Held by the company, at cost (AUD100,000)	72,020	72,020
Held by the subsidiary, at cost (RMB44,850,000)	<u>7,019,025</u>	<u>--</u>
	<u>7,091,045</u>	<u>72,020</u>

Other long term investment held by the company represents cost of application for OpenMarkets Online Trading Pty Ltd. amounting to AUD100,000. The application was made in the name of a related company “Eagle Investment Group Limited” for the beneficial interest of the company.

Other long term investment held by the subsidiary comprise unlisted shares outside Hong Kong, at cost, being converted from the contracted service income receivable to long term investment. The total contract sum is RMB66,900,000, of which RMB44,850,000 was recognized as service completed as of 31 December 2016 (as assessed by the sole director) in exchange of the customers’ equity interest.

They are neither subsidiary nor associate. The sole director considers that the Group has no power to govern the financial and operating policies of the investee companies, and has no significant influence in the investee companies.

The sole director considers that no provision for the other long term investment is required.

9. LOAN RECEIVABLE

The loan made by the company amounting to HK\$1,200,000 is unsecured, bearing interest at 3% per annum and for 2 years with maturity date in 2018.

The principal and interest are fully repayable at the maturity date unless early terminated. The loan interest income will be recognized upon receipt of the full repayment.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

10. CASH AND BANK BALANCES

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Cash at banks</u>		
Cash at bank in US\$	1,117,627	63,156
Cash at bank in HK\$	9,171	2,319
Cash at bank in AUD\$	681	659
Cash at bank in S\$	8	--
	<u>1,127,487</u>	<u>66,134</u>

11. SHARE CAPITAL

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>Issued and fully paid:</u>		
1,000,000 shares (HK\$1,000,000)	<u>129,032</u>	<u>129,032</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (not including amount due to shareholders) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated statement of financial position, plus net debt.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

12. FINANCIAL INFORMATON OF THE COMPANY

	<u>2016</u>	<u>2015</u>
	US\$	US\$
<u>NON-CURRENT ASSETS</u>		
Investment in subsidiary (Note 13)	132,870	--
Investment in associate (Note 7)	--	--
Other long term investment (Note 8)	72,020	72,020
	<u>204,890</u>	<u>72,020</u>
<u>CURRENT ASSETS</u>		
Loan receivable (Note 9)	154,800	--
Other receivable, deposits and prepayments	76,225	515,767
Amounts due from shareholders	129,032	129,032
Amount due from subsidiary	69,065	--
Amount due from associate	44,699	--
Cash at bank	1,088,912	66,134
	<u>1,562,733</u>	<u>710,933</u>
<u>CURRENT LIABILIITES</u>		
Other payable and accruals	1,303,496	5,031
<u>NET CURRENT ASSETS</u>	<u>259,237</u>	<u>705,902</u>
<u>NET ASSETS</u>	<u>464,127</u>	<u>777,922</u>
 SHARE CAPITAL (Note 11)	 129,032	 129,032
RETAINED PROFITS	<u>335,095</u>	<u>648,890</u>
SHAREHOLDERS' FUND	<u>464,127</u>	<u>777,922</u>
 RETAINED PROFITS		
Balance at 1 January	648,890	(1,179)
(Loss)/profit for the year (Note 6)	<u>(313,795)</u>	<u>650,069</u>
Balance at 31 December	<u>335,095</u>	<u>648,890</u>

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

13. INVESTMENT IN SUBSIDIARY

	<u>2016</u>	<u>2015</u>
	US\$	US\$
Unlisted shares, at cost (HK\$1,030,000)	<u>132,870</u>	<u>--</u>

a. Details of the subsidiary are as follows:

Name of company	: Eagle IG Limited
Place of incorporation	: Hong Kong
Percentage of equity interest	: 100%
Principal activities	: investment, management and consulting.

- b. The company acquired 100% equity interest in the subsidiary from the sole director, HUANG Huei-Ching, at a consideration of HK\$1,030,000 on 16 November 2016.

The acquisition had the following effect on the Group's assets and liabilities on the date of acquisition:

	US\$
Other long term investment	2,089,275
Other receivable	7,435
Cash and bank balances	2,751
Other payables and accruals	<u>(200,662)</u>
Fair value of identifiable of net assets	1,898,799
Total consideration, satisfied in cash	<u>132,870</u>
Excess – credited to statement of comprehensive income	<u>1,765,929</u>

14. FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

The nature of financial instrument risks comprises market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The sole director of the Company provides guidance for overall risk management which seeks to minimize potential adverse effects on the financial performance of the Group.

Risk management is carried out by the senior management of the Group under policies approved by the sole director of the Company. The senior management identify, evaluate and hedge financial risks in close cooperation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group operates in different countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi and Hong Kong dollars. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group companies manage their foreign exchange risks by engaging in transactions mainly in the respective functional currencies to the extent possible. The management is responsible for managing the net position in each foreign currency.

The Group has certain investments in foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through operating liabilities denominated in the relevant foreign currencies.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

ASIA FORTUNE INTERNATIONAL HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 DECEMBER 2016

14. FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to the receivables. For cash and cash equivalents, deposits are only placed with reputable banks. For credit exposures to the receivables, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

No credit limits were exceeded during the year, and management does not expect any losses from nonperformance by these debtors.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, senior management of the Group aims at maintaining sufficient cash and cash equivalents.

At 31 December 2016, the Group has no significant exposure to these risks.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Sole Director on

24 MAR 2017