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高富集團控股有限公司

GT GROUP HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 263)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINAL RESULTS

The Board of Directors (the "Board") of GT Group Holdings Limited (the "Company") announces the audited consolidated results for the Company and its subsidiaries (the "Group") for the year ended 31 December 2018 together with comparative figures for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Turnover	4	**(100,426)**	(274,849)
Cost of services		**(134)**	(1,258)
Gross loss		**(100,560)**	(276,107)
Other income		**21,145**	10,219
Loss allowance on short-term loans receivable		**(6,411)**	–
Loss allowance on trade and other receivables		**(4,702)**	–
Impairment loss on interests in associates	9	**(306,893)**	–
Unrealised loss on financial assets at fair value through profit or loss		**(116,983)**	(160,380)
Share of (loss)/profit of associates	9	**(10,065)**	34,037
Administrative expenses		**(89,514)**	(89,589)
Finance costs		**(128,181)**	(83,748)
Loss before tax		**(742,164)**	(565,568)
Income tax expenses	6	**(2,544)**	(1,258)
Loss for the year	7	**(744,708)**	(566,826)

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company		**(744,708)**	(566,826)
Non-controlling interests		**–**	–
		(744,708)	(566,826)

	Notes	**2018**	2017
		HK$	*HK$*
			(Restated)
Loss per share			
— Basic and diluted	*8*	**(4.78)**	(3.64)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Loss for the year	7	**(744,708)**	(566,826)
Other comprehensive income, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value change in financial assets at fair value through other comprehensive income		**(25,727)**	–
Recovery of cost of investment in financial assets of fair value through other comprehensive income	11 (ii)(b)	**23,418**	–
Gain on disposal of financial assets at fair value through other comprehensive income, net	11(i) & (ii)(b)	**21,563**	–
		19,254	–
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of overseas operations		**(1,941)**	288
Share of other comprehensive (expense)/income of associates	9	**(8,745)**	11,827
Fair value change in available-for-sale financial assets		**–**	10,486
		(10,686)	22,601
Other comprehensive income for the year		**8,568**	22,601
Total comprehensive expense for the year		**(736,140)**	(544,225)
Attributable to:			
Owners of the Company		**(736,140)**	(544,225)
Non-controlling interests		**–**	–
		(736,140)	(544,225)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**3,292**	4,491
Interests in associates	*9*	**389,888**	543,294
Prepayment		**600**	700
Available-for-sale financial assets	*10*	**–**	42,943
Financial assets at fair value through other comprehensive income	*11*	**–**	–
Other assets		**2,205**	2,230
Trading right		**–**	–
Long-term loan receivable	*13*	**13,500**	–
		409,485	593,658
Current assets			
Trade and other receivables	*12*	**82,104**	65,241
Short-term loans receivable	*13*	**380,404**	315,059
Financial assets at fair value through profit or loss		**467,244**	835,012
Tax recoverable		**–**	123
Bank balances held under segregated trust accounts		**23,695**	27,432
Bank balances and cash		**22,894**	60,733
		976,341	1,303,600
Current liabilities			
Trade and other payables	*14*	**83,105**	103,119
Short-term loans payable	*15*	**682,195**	18,000
Notes payable	*16*	**312,596**	–
		1,077,896	121,119
Net current (liabilities)/assets		**(101,555)**	1,182,481
Total assets less current liabilities		**307,930**	1,776,139
Non-current liabilities			
Long-term loans payable	*15*	**–**	586,118
Notes payable	*16*	**172,959**	312,596
Deferred tax liabilities		**3,802**	–
		176,761	898,714
Net assets		**131,169**	877,425
Capital and reserves			
Share capital	*17*	**2,824,801**	2,824,801
Reserves		**(2,693,632)**	(1,947,376)
Equity attributable to owners of the Company		**131,169**	877,425
Non-controlling interests		**–**	–
Total equity		**131,169**	877,425

Notes:

1. STATEMENT OF COMPLIANCE

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

The financial information relating to the years ended 31 December 2018 and 2017 included in this preliminary announcement of annual results for the year ended 31 December 2018 does 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 auditors have reported on the financial statements of the Group for both years. The auditors' reports were unqualified; included a matter regarding the uncertainty about the Group's ability to continue as a going concern which the auditors drew attention by way of emphasis without qualifying its report for the year ended 31 December 2018 (2017: did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report); and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

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

In the current year, the Company and its subsidiaries (collectively, the "Group") had applied a number of new HKFRSs and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for an accounting period that begins on or after 1 January 2018. These new and revised HKFRSs have been applied by the Group for the first time in the current year unless otherwise specified. The impacts of these amendments are described below.

HKFRS 9	Financial Instruments
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

The application of the above new and revised to HKFRSs in the current year, except for HKFRS 9, has no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 has replaced HKAS 39 Financial instruments: recognition and measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment) to items that existed as of the date of initial application (i.e. 1 January 2018) on a retrospective basis based on the facts and circumstances that existed as at 1 January 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

(i) Classification and measurement of financial assets

In general, HKFRS 9 categories financial assets into the following three classification categories:

- measured at amortised cost;
- at fair value through other comprehensive income (FVTOCI); and
- at fair value through profit or loss (FVTPL).

These classification categories are different from those set out in HKAS 39 which included 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. The Group did not designate or de-designate any financial asset at FVTPL at 1 January 2018.

The following table shows a reconciliation from how the Group's financial assets existed as of 1 January 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

Financial assets	**Old classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amounts as at 1 January 2018 under HKAS 39**	**Reclassification**	**Remeasurement**	**Carrying amounts as at 1 January 2018 under HKFRS 9**
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other receivables	Loans and receivables *(Note 2(ii))*	Amortised cost	65,241	–	(1,871)	63,370
Shot-term loans receivable	Loans and receivables *(Note 2(ii))*	Amortised cost	315,059	–	(10,741)	304,318
Listed equity securities	FVTPL	FVTPL	835,012	–	–	835,012
Listed equity securities	Available-for-sale financial assets (at fair value) *(Note 2(i)(a))*	FVTOCI	19,641	–	–	19,641
Unlisted equity investments	Available-for-sale financial assets (at cost) *(Note 2(i)(b))*	FVTOCI	23,302	–	2,496	25,798
Bank balances held under segregated trust accounts	Loans and receivables	Amortised cost	27,432	–	–	27,432
Bank balances and cash	Loans and receivables	Amortised cost	60,733	–	–	60,733

The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at FVTOCI; or (iii) financial assets at FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified as at amortised cost or FVTOCI as described above are classified as at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets:

Financial assets at FVTPL	Financial assets at FVTPL are subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Financial assets at amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVTOCI (equity investments)	Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

(a) As at 1 January 2018, the Group's listed equity investment in Aurelia Metals Limited ("Aurelia Metals") was reclassified from available-for-sale financial assets to financial assets at FVTOCI. The Group held Aurelia Metals for long term strategic purposes. Under HKFRS 9, the Group has designated these listed equity securities at the date of initial application of HKFRS 9 as measured at FVTOCI. As a result, financial assets with a fair value of approximately HK$19.6 million were reclassified from available-for-sale financial assets at fair value to financial assets at FVTOCI, the exchange loss of approximately HK$12.1 million was reclassified from translation reserve to FVTOCI reserve, and the fair value gains of approximately HK$10.5 million were reclassified from available-for-sale financial assets reserve to the FVTOCI reserve on 1 January 2018. The impairment loss previously recognised of approximately HK$37.9 million was also reclassified from the accumulated losses to the FVTOCI reserve.

(b) As at 1 January 2018, the Group's unlisted equity investments in Joint Global Limited and Singularity Advisory (Cayman) Limited were reclassified from available-for-sale financial assets previously measure at cost to financial assets at FVTOCI. These unlisted equity investments have no quoted price in an active market. The Group intends to hold these unlisted equity investments for long term strategic purposes. In addition, the Group has designated these unlisted equity investments at the date of initial application of HKFRS 9 as measured at FVTOCI. As at 1 January 2018, the difference between the previous carrying amount and the fair value of approximately HK$2.5 million has been included in the opening accumulated losses.

(ii) Impairment

HKFRS 9 has introduced the "expected credit loss model" to replace the "incurred loss" model under HKAS 39. The "expected credit loss model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "expected loss model" to the following types of financial assets:

- Trade receivables
- Other receivables
- Loan receivables
- Bank balances held under segregated trust accounts
- Bank balances and cash

The following table is a reconciliation that shows how the closing loss allowance as at 31 December 2017 determined in accordance with HKAS 39 can be reconciled to the opening loss allowance as at 1 January 2018 determined in accordance with HKFRS 9.

	HK$'000	*HK$'000*
Loss allowance recognised as at 31 December 2017 under HKAS 39		1,848
Additional loss allowance as a result of the application of the "expected loss model" under HKFRS 9		
— Trade and other receivables	1,871	
— Loans receivables	10,741	12,612
Loss allowance recognised as at 1 January 2018 under HKFRS 9		14,460

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade and other receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For loans and loans interest receivable, the Group applies the general approach, which requires an amount equal to 12-month ECLs to be recognised as the loss allowance for the financial instrument if the credit risk on a financial instrument has not increased significantly since initial recognition and expected lifetime losses to be recognised if the credit risk on that financial instrument has increased significantly since initial recognition.

ECL for other financial assets at amortised cost, included bank balances held under segregated trust accounts, bank balances, other receivables (except for loans interest receivable) and deposits paid, are assessed on 12-month ECLs basis as there had been no significant increase in credit risk since initial recognition.

For financial assets subject to ECL impairment, the carrying amounts in accordance with HKAS 39 have been remeasured upon transition to HKFRS 9 on 1 January 2018. The reconciliation of the carrying amounts in accordance with HKAS 39 and HKFRS 9 is as follows:

	HKAS 39 carrying amounts as at 1 January 2018	**Remeasurement (ECL allowance)**	**HKFRS 9 carrying amounts as at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other receivables	65,241	(1,871)	63,370
Short-term loans receivable	315,059	(10,741)	304,318
Bank balances held under segregated trust accounts	27,432	–	27,432
Bank balances and cash	60,733	–	60,733

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables and short-term loans receivables in accordance with the simplified approach and general approach respectively set out in HKFRS 9.

	ECL on trade and other receivables	**ECL on short-term loans receivables**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance as at 31 December 2017	1,848	–	1,848
Remeasurement of loss allowance	1,871	10,741	12,612
Balance as at 1 January 2018 — as restated	3,719	10,741	14,460

(iii) Classification and measurement of financial liabilities

Under HKFRS 9, for a financial liability designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is required to be presented in other comprehensive income, with the remaining amount of change in the fair value of the liability being presented in profit or loss (unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss and in which case all gains or loss on that liability are presented in profit or loss).

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments.

(iv) Hedge accounting

The Group has not applied any hedge accounting and hence the new general hedge accounting model set out in HKFRS 9 has not had any impact on the Group's consolidated financial statements.

(v) Effect on the Group's accumulated losses and other reserves as of 1 January 2018

The following tables summarise the impact of transition to HKFRS 9 on accumulated losses and reserves and the related tax impact at 1 January 2018:

Accumulated losses

	HK$'000
Accumulated losses as at 31 December 2017	(1,951,561)
Reclassify impairment loss made on investments from available-for-sale financial assets to fair value through other comprehensive income reserve ("FVTOCI" reserve) *(Note 2(i)(a))*	37,946
Remeasurement of the fair value for available-for-sale financial assets previously measured at cost under HKAS 39 now measured at FVTOCI under HKFRS 9 *(Note 2(i)(b))*	2,496
Recognition of expected credit loss on trade and other receivables *(Note 2(ii))*	(1,871)
Recognition of expected credit loss on short-term loans receivable *(Note 2(ii))*	(10,741)
Restated balance as at 1 January 2018	(1,923,731)

Available-for-sale financial assets reserve

	HK$'000
Balance as at 31 December 2017	10,486
Reclassify to FVTOCI reserve *(Note 2(i)(a))*	(10,486)
Restated balance as at 1 January 2018	–

FVTOCI reserve

	HK$'000
Balance as at 31 December 2017	–
Reclassify from available-for-sale financial assets reserve *(Note 2(i)(a))*	10,486
Reclassify from accumulated losses for impairment loss made on available-for-sale financial assets now measured at FVTOCI *(Note 2(i)(a))*	(37,946)
Reclassify from translation reserve *(Note 2(i)(a))*	(12,087)
Restated balance as at 1 January 2018	(39,547)

Translation reserve

	HK$'000
Balance as at 31 December 2017	(12,539)
Reclassify to FVTOCI reserve *(Note 2(i)(a))*	12,087
Restated balance as at 1 January 2018	(452)

The Group has not applied any of the following new HKFRSs, amendments to HKFRSs and new interpretations ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
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 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]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[2]

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

HKFRS 16 Leases

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

With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, the right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regards to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the financial statements.

At 31 December 2018, the Group, as lessee, has non-cancellable operating lease commitments of approximately HK$27,933,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

3. BASIS OF PREPARATION

The consolidated financial statements depicts that the Group incurred a net loss of approximately HK$744,708,000 during the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$101,555,000. The Group has loan of HK$18,000,000 which has been overdue since September 2018, loan of US$50,000,000, equivalent to approximately HK$390,745,000, which has been overdue since mid-March 2019 and loan from financial institution and note payable of US$45,000,000, equivalent to approximately HK$351,660,000, which will mature or require payment in the year ending 31 December 2019. The directors have adopted the going concern basis for the preparation of the consolidated financial statements.

The consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the granting of the extension on the maturity dates of the loans to the Group and obtaining alternative sources of external funding in order for the Group to meet its financial obligations as they fall due. The details and the validity of applying the going concern basis are as follows:

Loan payable due in mid-March 2019

A loan of US$50,000,000, equivalent to approximately HK$390,745,000, was repayable due in mid-March 2019. As of the date when the consolidated financial statements are authorised for issue, this loan is already overdue. As confirmed by the directors of the Company, the Group is in the process of negotiating with the lender for extension of the loan. Up to the date of approval of the consolidated financial statements, as represented by the directors of the Company, the lender has provided a positive confirmative response indicating that it is willing to extend the loan and are in the stage of preparing the necessary documents for processing relevant approval in relation to the loan extension.

Loan from financial institution with repayment on demand clause

As at 31 December 2018, the Group had a loan from financial institution of US$35,000,000, equivalent to approximately HK$273,450,000, of which there is a repayment on demand clause in the loan agreement that gives the lender an unconditional right at any time to require immediate payment. According to the repayment schedule of the loan agreement, the Group is only required to repay US$5,000,000, equivalent to HK$39,064,000, for the year ending 31 December 2019. The Group considers that the amount payable for the year ending 31 December 2019 will be settled by internal resources. US$30,000,000, equivalent to HK$234,386,000 is repayable in November 2021.

Notwithstanding the above repayment on demand clause, the Group do not believe that the lender will exercise the on demand right within 12 months and the loans will be repaid in accordance with the maturity dates as set out in the agreements. This evaluation was made considering: the Group has made all previously scheduled repayments on time and, up to the date of approval of the financial statements, there is no indication from the lender that they will exercise the on demand right.

Loan payable due in September 2018

As at 31 December 2018, the Group had a loan payable amounted to HK$18,000,000 overdue. The Group intends to settle the loan payable from the proceeds of the Group's rights issue which expected to be completed in May 2019.

Note payable due in September 2019

As at 31 December 2018, the Group had note payable of US$40,000,000, equivalent to approximately HK$312,596,000, of which the repayment will be due in September 2019. Up to the date when the consolidated financial statements are authorised for issue, as represented by the directors of the Company, the lender has provided a positive confirmative response indicating that they are willing to extend the loan.

Future financing

The Group will actively consider all possible fund raising exercises and/or obtain new loan facility with an aim to finance the above loans and interest repayment.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

4. TURNOVER

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

	2018	2017
	HK$'000	*HK$'000*
Net realised results from securities trading*	**(149,666)**	(294,360)
Commission and brokerage income	**1,196**	3,169
Interest income from provision of finance	**48,044**	16,342
	(100,426)	(274,849)

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK$360,958,000 (2017: approximately HK$452,657,000) less cost of sales and the weighted average cost of the investments sold of approximately HK$510,624,000 (2017: approximately HK$747,017,000).

5. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

Business segment information

The Group's reportable and operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), are as follows:

- trading of goods;
- provision of finance; and
- brokerage and securities investment.

For the purposes of resource allocation and assessment of segment performance, CODM monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

- Segment revenue represents revenue generated from external customers; net gain/(loss) on investments held for trading activities are also included in segment revenue;
- Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, share of results of associates, central administration costs, directors' salaries, finance costs for loans payable and income tax credit or expense;
- Segment assets include all tangible and intangible assets and current assets;
- Segment liabilities include all trade and other payables and notes payable other than current and deferred tax liabilities;
- Unallocated assets include available-for-sales investments, financial assets at fair value through other comprehensive income, interests in associates and other assets for the corporate use; and
- Unallocated liabilities include short-term loans payable, long-term loans payable, other payables, notes payable and deferred tax liabilities unallocated.

For the year ended 31 December 2018

	Trading of goods *HK$'000*	Provision of finance *HK$'000*	Brokerage and securities investment *HK$'000*	Elimination/ unallocated *HK$'000*	Total *HK$'000*
Segment revenue and results					
REVENUE					
External sales	–	48,044	(148,470)	–	(100,426)
Inter-segment sales*	–	–	185	(185)	–
Segment revenue	–	48,044	(148,285)	(185)	(100,426)
RESULTS					
Segment results	–	37,016	(278,886)	–	(241,870)
Unallocated income					14,261
Unallocated expenses					(69,416)
Finance costs					(128,181)
Share of results of associates					(10,065)
Impairment loss on interests in associates					(306,893)
Loss before tax					(742,164)
Segment assets and liabilities					
ASSETS					
Segment assets	–	417,662	554,301	–	971,963
Unallocated assets					413,863
Total consolidated assets					1,385,826
LIABILITIES					
Segment liabilities	–	523,189	47,107	(522,297)	47,999
Unallocated liabilities					1,206,658
Total consolidated liabilities					1,254,657
Other information:					
Additions to property, plant and equipment	–	45	143	–	188
Depreciation of property, plant and equipment	–	5	978	404	1,387
Net unrealised loss on financial assets at fair value through profit or loss	–	–	116,983	–	116,983
Income tax (credits)/expenses	–	–	(1,258)	3,802	2,544

* Inter-segment sales were charged at terms determined and agreed between the group companies.

For the year ended 31 December 2017

	Trading of goods *HK$'000*	Provision of finance *HK$'000*	Brokerage and securities investment *HK$'000*	Elimination/ unallocated *HK$'000*	Total *HK$'000*
Segment revenue and results					
REVENUE					
External sales	–	16,342	(291,191)	–	(274,849)
Inter-segment sales*	–	–	1,001	(1,001)	–
Segment revenue	–	16,342	(290,190)	(1,001)	(274,849)
RESULTS					
Segment results	–	8,539	(498,060)	–	(489,521)
Unallocated income					1,369
Unallocated expenses					(37,962)
Finance costs					(73,491)
Share of results of associates					34,037
Loss before tax					(565,568)
Segment assets and liabilities					
ASSETS					
Segment assets	–	321,298	1,015,496	(5,336)	1,331,458
Unallocated assets					565,800
Total consolidated assets					1,897,258
LIABILITIES					
Segment liabilities	–	481,509	95,749	(479,466)	97,792
Unallocated liabilities					922,041
Total consolidated liabilities					1,019,833
Other information:					
Additions to property, plant and equipment	–	–	1,476	–	1,476
Depreciation of property, plant and equipment	–	–	1,407	742	2,149
Net unrealised loss on financial assets at fair value through profit or loss	–	–	160,380	–	160,380
Income tax expenses	–	–	1,258	–	1,258

* Inter-segment sales were charged at terms determined and agreed between the group companies.

Geographical segment information

The Group's three reportable and operating segments operate in Hong Kong and all the Group's revenue from external customers for the years ended 31 December 2018 and 2017 were derived from Hong Kong.

The following table provides an analysis of the Group's non-current assets (excluding financial assets) based on the geographical markets as follows:

	2018	2017
	HK$'000	*HK$'000*
PRC	**389,888**	543,294
Hong Kong	**6,097**	7,421
Others	**–**	–
	395,985	550,715

Information about major customers

The following is an analysis of revenue from customers contributing over 10% of total revenue of the Group (excluding the net realised results from securities trading) for the current and prior years:

	Reportable and operating segments	**2018**	2017
		HK$'000	*HK$'000*
Customer A	Provision of finance/brokerage and securities investment	**10,086**	6,153
Customer B	Provision of finance	**N/A#**	3,002
Customer C	Provision of finance	**7,157**	N/A*
Customer D	Provision of finance	**6,123**	N/A*
Customer E	Provision of finance/brokerage and securities investment	**5,115**	N/A*

Revenue from Customer B did not contribute over 10% of the total revenue of the Group (excluding the net realised results from securities trading) for the year ended 31 December 2018.

* Revenue from Customers C, D and E did not contribute over 10% of the total revenue of the Group (excluding the net realised results from securities trading) for the year ended 31 December 2017.

6. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Income tax expenses comprise:		
Current tax		
— Hong Kong Profits Tax	**–**	1,278
— PRC Enterprise Income Tax	**–**	–
	–	1,278
Over-provision in prior years:		
— Hong Kong	**(1,258)**	(20)
	(1,258)	1,258
Deferred tax — current year	**3,802**	–
	2,544	1,258

Hong Kong Profits Tax is calculated at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year ended 31 December 2018.

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

Income tax expenses for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(742,164)**	(565,568)
Tax at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(122,457)**	(93,318)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(24)
Tax effect of share of results of associates	**1,661**	(7,567)
Tax effect of expenses not deductible for tax purpose	**74,288**	6,154
Tax effect of income not taxable for tax purpose	**(19,133)**	(713)
Tax effect of temporary differences not recognised	**55**	76
Tax effect of tax losses not recognised	**65,586**	96,670
Over-provision for prior year	**(1,258)**	(20)
Deferred tax on promissory note	**3,802**	–
	2,544	1,258

7. LOSS FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Staff costs including directors' remuneration		
— Salaries, allowances and other benefits	**28,752**	26,529
— Retirement benefits schemes contributions	**781**	727
	29,533	27,256
Auditors' remuneration		
Audit services	**1,550**	1,450
Non-audit services	**903**	630
	2,453	2,080
Impairment loss on interests in associates	**306,893**	–
Loss allowance on short-term loans receivable	**6,411**	–
Loss allowance on trade and other receivables	**4,702**	–
Depreciation of property, plant and equipment	**1,387**	2,149
Foreign exchange loss, net	**881**	5,433

8. LOSS PER SHARE

Subsequent to the end of the reporting period on 28 March 2019, the consolidation of every 10 issued shares into 1 consolidated share and the rights issue on the basis of 4 rights shares for every 1 consolidated share held by the shareholders of the Company, at a subscription price of HK$0.56 per rights share were approved.

The consolidation of shares was effectively accomplished on 29 March 2019, and the rights issues will be carried out in accordance with the Company's circular dated 8 March 2019.

The effect of consolidated shares and bonus element resulting from the rights issue has been included in the calculation of basic and diluted loss per share and the prior period basic and diluted loss per share are adjusted.

The subscription price of HK$0.56 per rights share represents a discount of 12.5% to fair value at the close of the last day on which every consolidated share is traded together with the rights shares.

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the years ended 31 December 2018 and 2017 is based on the following data:

	2018 ***HK$'000***	2017 *HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**744,708**	566,826

	2018 **Number of shares** ***'000***	2017 Number of shares *'000* (Restated)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**155,768**	155,768
Basic loss per share *(HK dollars)*	**4.78**	3.64
Diluted loss per share *(HK dollars)*	**4.78**	3.64

Diluted loss per share for the year ended 31 December 2018 was the same as basic loss per share as the Company did not have dilutive potential ordinary shares for the year ended 31 December 2018.

Diluted loss per share for the year ended 31 December 2017 was equal to the basic loss per share because the exercise prices of the Company's share options for the period from 1 January 2017 to 2 December 2017 were higher than the average market price and was therefore considered as anti-dilutive. The Company did not have any exercisable share option outstanding as at 31 December 2017 and there were no dilutive potential ordinary shares after all outstanding share options lapsed on 2 December 2017.

9. INTERESTS IN ASSOCIATES

(a) Details of the Group's interests in associates are as follows:

	As at 31 December 2018 *HK$'000*	As at 31 December 2017 *HK$'000*
Cost of investments in associates:		
— Unlisted	**506,216**	333,919
Amounts due from associates *(Note 9(c)(i))*	**36,081**	36,081
	542,297	370,000
Share of results of associates:		
— Post-acquisition profits and other comprehensive income, net of dividends received	**140,574**	159,384
— Bargain purchase	**13,910**	13,910
	154,484	173,294
Provision for impairment	**(306,893)**	–
	389,888	543,294

(b) Details of each of the Group's associates at 31 December 2018 and 2017 are as follows:

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/registered capital	Place of operation	Proportion of equity interest held by the Group				Principal activities
				2018		2017		
				Directly %	Indirectly %	Directly %	Indirectly %	
China Sky Holdings Limited ("China Sky") *(Note i)*	The British Virgin Islands ("BVI")	US$100,000	Hong Kong	**40**	**–**	40	–	Investment holding
Kim Dynasty Realty & Development Co. Ltd. ("Jintang") *(Note i)*	The PRC	US$3,500,000	The PRC	**–**	**40**	–	40	Development, construction and building management
Success Quest Limited ("Success Quest") *(Note ii)*	BVI	US$100	Hong Kong	**50**	**–**	50	–	Dormant (2017: Investment holding)
Multi-Fame Group Limited ("Multi-Fame") *(Note iii)*	BVI	US$1,000	Hong Kong	**49**	**–**	–	–	Investment holding
Multi-Fame (Hong Kong) Limited	Hong Kong	HK$10,000	Hong Kong	**–**	**49**	–	–	Trading of electronic products and mainly distributes bluetooth earphones, speakers and computer products

Name of associates	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/registered capital	Place of operation	Proportion of equity interest held by the Group				Principal activities
				2018		2017		
				Directly %	Indirectly %	Directly %	Indirectly %	
Baiyu (Beijing) Technology Company Ltd ("Baiyu BJ")* (佰譽(北京)科技有限公司)	The PRC	Registered capital of US$8,600,000	The PRC	–	49	–	–	Trading of computers and its peripherals as distributor
Beijing Baiyu Logistics Company Limited* (北京佰譽物流有限公司)	The PRC	Registered capital of RMB5,000,000	The PRC	–	49	–	–	Provision of logistics service
Shenzhen Yisiyuan Technology Development Company Limited* (深圳市伊思源科技發展有限公司)	The PRC	Registered capital of RMB1,000,000	The PRC	–	49	–	–	Inactive
Beijing Guodian Tongyuan Technology Company Limited* (北京國電通源科技有限公司)	The PRC	Registered capital of RMB10,000,000	The PRC	–	49	–	–	Trading of computers and its peripherals
Khorgos Baiyu Supply Chain Management Company Limited* (霍爾果斯佰譽供應鏈管理有限公司)	The PRC	Registered capital of RMB5,000,000	The PRC	–	49	–	–	Provision of consulting services
Shanghai Dongdi Supply Chain Management Company Limited* (上海東迪供應鏈管理有限公司)	The PRC	Registered capital of RMB30,000,000	The PRC	–	49	–	–	Trading of goods including baby care products

Notes:

(i) *China Sky and its subsidiary (the "China Sky Group")*

The Group acquired 40% of the total issued share capital of China Sky at the consideration of HK$370,000,000 in 2015 and had a carrying value of HK$516,812,000 before impairment (note c below) as at 31 December 2018. The China Sky Group, is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

1. The Jintang Project (as defined hereunder)

   The first property development project comprises a residential and commercial complex known as "Jintang New City Plaza*" 金唐新城市廣場 (the "Jintang Project"), of which the construction has been completed.

* *For identification purpose only*

2. The Tanzishi Project (as define hereunder)

The second property development project comprises five parcels of land with a total site area of approximately 72,559 square meters and (the "Tanzishi Project"). Pursuant to a cooperation agreement entered into between 重慶金唐房地產開發有限公司 ("金唐公司"), a subsidiary of China Sky, and an independent third party (the "Party B"), Party B would provide the five parcels of land for the development of the project (the "Land") and 金唐公司 would provide and arrange financing for the development of the project. It was planned that the land will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters.

The Company has recently noted that there have been legal disputes and court proceedings between 金唐公司 and Party B which include, inter alia, the right of development of the parcels of the Land by the parties and the satisfactorily financial contributions of the Tanzishi Project.

Taking into consideration the legal disputes on the Tanzishi Project, the Company has considered it prudent to make an impairment on the value of the Group's investment in China Sky Group. Based on a valuation report prepared by an independent qualified valuer after making full provision of China Sky Group's total contributions to the Tanzishi Project and any associated costs in relation thereto, the 40% fair value of the China Sky Group as at 31 December 2018 amounted to approximately HK$209,919,000. As the carrying value of the Group's investment in China Sky Group was approximately HK$516,812,000 as at 31 December 2018, an impairment of approximately HK$306,893,000 has therefore been made on such an investment.

(ii) Success Quest

The carrying amount of Success Quest is nil as at 31 December 2018 (2017: nil).

The principal business activity of Success Quest was investment in Anton Capital Investment Vehicle ("Anton Capital") and Anton Capital held 25% units on issue in George Street Property Trust which held 100% interest in properties located at Sydney, Australia. The acquisition was then a passive investment in an Australian property fund by the Group.

Given the Group does not control the majority composition of the board of Success Quest, the Group has no control over Success Quest. However, the directors of the Company consider that the Group does have significant influence over Success Quest and Success Quest is therefore classified as an associate of the Group. According to the terms stipulated in the trust deed of Anton Capital, Success Quest does not have control over the financial and operating policies of Anton Capital.

During the year 2016, the Australia properties were disposed and the Group's share of the proceeds from the disposal of the Australia properties was in turn distributed to the Group in year 2016 and 2017, of which approximately HK$37,695,000 represents the full repayment of the outstanding balance of loan to Success Quest and approximately HK$12,995,000 as a special dividend from Success Quest to the Group.

After the disposal of the Australia Properties and dividend distribution as stated in above, there is no business operation during the year.

In December 2018, Anton Capital has fully redeemed all of its units held by Success Quest.

(iii) Multi-Fame and its subsidiaries ("Multi-Fame Group")

On 1 September 2017, the Group entered into a sale and purchase agreement to acquire 49% of the entire issued shares of Multi-Fame by issuing a Promissory Note (the "Promissory Note") of principal amount of HK$196,000,000 (note 16) to the vendor, Mega Ample Capital Limited, a company incorporated in the British Virgin Islands. On 16 November 2018, the acquisition was completed and the Promissory Note was issued on the same date.

The details of the acquisition have been disclosed in the Company's circular dated 25 June 2018.

Baiyu (Beijing) Technology Company Limited ("Baiyu (Beijing)"), the operating subsidiary of Multi-Fame Group, is principally engaged in trading of computers and its peripherals, and is an authorised distributor of computer products and peripherals for Lenovo and a retailer of baby care products with a majority of its revenue generated on JD.com.

The fair value of net assets of Multi-Fame Group acquired at the date of acquisition is calculated as follows:

	HK$'000
Net assets of Multi-Fame Group as at acquisition date	91,992
Proportion of the Group's ownership interests in Multi-Fame Group of 49%	45,076
Goodwill	127,221
Consideration	172,297

(c) Summarised financial information of associates

Summarised consolidated financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in these consolidated financial statements.

(i) China Sky Group

	As at 31 December 2018 ***HK$'000***	As at 31 December 2017 *HK$'000*
Current assets	**1,230,919**	1,396,218
Non-current assets	**457,430**	383,587
Current liabilities	**(418,808)**	(1,065,632)
Non-current liabilities	**(907,022)**	(285,449)
Net assets	**362,519**	428,724

	2018	2017
	HK$'000	*HK$'000*
Revenue	**79,768**	350,006
(Loss)/profit for the year	**(43,003)**	87,482
Other comprehensive (expenses)/income for the year	**(23,202)**	29,568
Total comprehensive (expenses)/income for the year	**(66,205)**	117,050
Proportion of the Group's ownership interests in China Sky Group	**40%**	40%
Share of total comprehensive (expenses)/income of China Sky Group	**(26,482)**	46,820
Dividends received from China Sky Group during the year	**–**	–
Impairment loss on China Sky Group during the year	**(306,893)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interests in China Sky Group recognised in the consolidated financial statements:

	As at 31 December 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Net assets of China Sky Group	**362,519**	428,724
Proportion of the Group's ownership interest in China Sky Group	**40%**	40%
	145,007	171,489
Effect of fair value adjustments at acquisition	**335,724**	335,724
Amounts due from China Sky Group *(Note)*	**36,081**	36,081
Carrying amount of the Group's interest in China Sky Group	**516,812**	543,294
Impairment loss on interest in China Sky Group	**(306,893)**	–
	209,919	543,294

Note:

Amounts due from China Sky Group of HK$36,081,000 as at 31 December 2018 and 2017 were unsecured, non-interest bearing and repayable upon demand. The Group has no intention to exercise its right to demand repayment of these loans within the twelve months from the end of the reporting period. The directors believe the settlement of these loans is not likely to occur in the foreseeable future as they are, in substance, a part of the Group's net investment in associates as working capital of China Sky Group. Accordingly, the amount is classified as non-current asset and included in the Group's interests in associates for the purpose of presentation in the consolidated statement of financial position.

(ii) Success Quest

As the Group's interest in Success Quest as at 31 December 2018 and 2017 was not material to the Group, no summarised financial information of Success Quest is presented.

(iii) Multi-Fame Group

	As at 31 December 2018 *HK$'000*
Current assets	**396,433**
Non-current assets	**407**
Current liabilities	**(289,191)**
Non-current liabilities	**–**
Net assets	**107,649**

	16 November 2018 (date of acquisition) to 31 December 2018 *HK$'000*
Revenue	**295,660**
Profit for the period	**14,564**
Other comprehensive income for the period	**1,093**
Total comprehensive income for the period	**15,657**
Proportion of the Group's ownership interests in Multi-Fame Group	**49%**
Share of total comprehensive income of Multi-Fame Group	**7,672**
Dividends received from Multi-Fame Group during the period	**–**

Reconciliation of the above summarised financial information to the carrying amount of the interests in Multi-Fame Group recognised in the consolidated financial statements:

	As at 31 December 2018 *HK$'000*
Net assets of Multi-Fame Group	**107,649**
Proportion of the Group's ownership interest in Multi-Fame Group	**49%**
	52,748
Goodwill	**127,221**
Carrying amount of the Group's interest in Multi-Fame Group	**179,969**

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Notes	**2018** **HK$'000**	2017 *HK$'000*
Equity securities			
— Listed securities	*(i)*	–	19,641
— Unlisted securities	*(ii)*	–	23,302
		–	42,943

Available-for-sale financial assets represented the Group's investment in listed and unlisted securities. These investments were reclassified as financial assets at fair value through other comprehensive income upon adoption of HKFRS 9 on 1 January 2018, with details set out in note 11.

(i) Listed securities

The listed securities of the Group at the end of the reporting period represented the Group's listed investment in Aurelia Metals Limited of which its shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the relevant stock exchange at the end of the reporting period.

(ii) Unlisted securities

The unlisted securities of the Group at 31 December 2017 represented the Group's investments in unlisted equity securities in two private entities, namely, Joint Global Limited ("Joint Global") and Singularity Advisory (Cayman) Limited ("Singularity"). They were measured at cost less impairment at the end of the reporting period.

(a) In respect of the investment in Joint Global, full impairment of HK$215,000,000 was made in prior year after taking into account the unaudited net asset value of Joint Global and other relevant factors.

(b) In respect of the investment in Singularity, the Group entered into a subscription agreement on 27 January 2017 whereby the Group and another investor, which is an independent third party, subscribed for one and eleven additional ordinary share(s) in Singularity respectively for the subscription price of US$3,000,000 (equivalent to approximately HK$23,302,000) and US$30,000,000 (equivalent to approximately HK$233,020,000) respectively. The cash consideration of US$3,000,000 was settled by the Group in February 2017. As at 31 December 2016, Singularity was owned as to one share and nine shares by the Group and the other investor respectively. Upon issue of the abovementioned additional shares in January 2017, Singularity was owned as to approximately 9.09% and 90.91% by the Group and the other investor respectively. Details of the transaction are set out in the announcement of the Company dated 27 January 2017.

In December 2017, Singularity and an independent third party entered into a sale and purchase agreement in relation to the disposal of its major assets, which were investments in convertible bonds with a principal amount of US$90,000,000 (equivalent to approximately HK$703,341,000) issued by XinRen Aluminum Holdings Limited (the "XinRen Bonds"), with the consideration of US$102,813,000 (equivalent to approximately HK$802,508,000. The disposal was completed in January 2018, and US$3,613,600 (equivalent to approximately HK$28,206,000), which represents part of the proceeds from the disposal net of the repayment of bank borrowing of Singularity, were distributed to the Group in February 2018.

Taking into account the unaudited net asset value of Singularity as at 31 December 2017, and other relevant factors, no impairment was made for the investment in Singularity as at 31 December 2017.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	**As at 31 December 2018** *HK$'000*	As at 31 December 2017 *HK$'000*
Equity securities			
— Listed securities	*(i)*	–	–
— Unlisted securities	*(ii)*	–	–
		–	–

Following adoption of HKFRS 9, with effective from 1 January 2018, the Group's investments in equity securities previously classified as available-for-sale investments are now classified as financial assets at fair value through other comprehensive income, of which the fair value changes recognised in other comprehensive income which will not be recycled to profit or loss on disposal.

(i) Listed securities

The listed securities recognised as financial assets at FVTOCI represent the Group's listed investment in Aurelia Metals. During the year ended 31 December 2018, the Group disposed of all its listed investment in Aurelia Metals on-market at a total consideration of approximately AUD6,813,000 (equivalent to approximately HK$41,275,000). A gain on disposal of financial assets at FVTOCI amounting to approximately AUD3,595,000 (equivalent to approximately HK$21,634,000) was recognised in the other comprehensive income. A cumulative losses of approximately HK$17,913,000 was transferred from FVTOCI reserve to accumulated losses upon disposal.

(ii) Unlisted securities

The unlisted securities of the Group as at 31 December 2018 represented the Group's investment in unlisted equity securities in Joint Global.

(a) In respect of the investment in Joint Global, full impairment of HK$215,000,000 was made in prior year after taking into account the unaudited net asset value of Joint Global, and other relevant factors.

The Group has obtained legal opinions from law firms in Hong Kong and the Republic of Marshall Islands based on: 1) the recoverability of the damages awarded to Charter Pearl by the Court of Hong Kong from the former director of Joint Global (the "Former Director") and 2) the possibility of the High Court of Marshall Islands to accept legal proceedings against the Former Director. Both law firms do not recommend Charter Pearl to commence legal proceedings against the Former Director neither in the Court of Hong Kong nor in the High Court of Marshall Islands.

Shareholders will be informed in due course of any major development of the case.

(b) In respect of the investment in Singularity, as mentioned in Note 10(ii)(b) to this consolidation financial statements, the Group received approximately US$3,613,000 (equivalent to approximately HK$28,208,000) distribution from Singularity in February 2018, of which US$3,000,000 (equivalent to approximately HK$23,418,000) was considered as the recovery of cost of investment. The remaining part of the distribution of approximately US$613,000 (equivalent to approximately HK$4,790,000) represented the return on investment and was recognised as dividend in the profit or loss during the year ended 31 December 2018.

On 10 April 2018, the Group disposed of all the investment in Singularity to an independent third party for cash consideration of US$2 (equivalent to HK$16) received on 10 April 2018 and resulted in a loss on disposal of financial assets at FVTOCI amounting to approximately HK$71,000 recognised in other comprehensive income. A cumulative loss of approximately HK$2,380,000 was transferred from FVTOCI reserve to accumulated losses upon the disposal.

12. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**60,484**	56,053
Less: Impairment	**(6,961)**	(1,492)
	53,523	54,561
Other receivables and prepayments	**30,040**	11,036
Less: Impairment	**(1,459)**	(356)
	28,581	10,680
	82,104	65,241

Trade receivables analysed as:

	2018	2017
	HK$'000	*HK$'000*
Trade receivables arising from securities brokerage business:		
— Margin account clients	**58,053**	53,543
— Cash account clients	**2,134**	2,213
— Others	**297**	297
	60,484	56,053

For trade receivables arising from securities brokerage business, the settlement term is two days after the trade date. Interests are charged on overdue cash account clients and margin account clients at Hong Kong prime rate plus 7% (2017: prime rate plus 7%) per annum and at prime rate plus 4% (2017: prime rate plus 4%) per annum, respectively.

An aging analysis of the trade receivables, presented based on the transaction date, at the end of the reporting periods are as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**2,305**	9,515
61 to 90 days	**7,049**	8,770
Over 90 days	**51,130**	37,768
	60,484	56,053

Aging of trade receivables which are past due but not impaired based on settlement date:

	2018	2017
	HK$'000	*HK$'000*
Overdue by:		
1 to 60 days	**2,129**	8,453
61 to 90 days	**7,049**	8,770
Over 90 days	**44,466**	36,276
	53,644	53,499

The overdue trade receivables are mainly arising from margin clients. The Group did not provide any allowance on the past due receivables from margin clients as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. As at 31 December 2018, the total market value of securities pledged as collateral by the customers, with which the Group is permitted to repledge, in respect of the loans to margin clients was approximately HK$184,192,000 (2017: approximately HK$454,804,000). Loss allowance of approximately HK$6,586,000 and approximately HK$78,000 had been provided for margin clients and cash clients respectively based on the ECL assessment as at 31 December 2018. Impairment loss of approximately HK$1,195,000 had been provided for the margin clients, whose market value of securities pledged was less than the overdue amount as at 31 December 2017.

Loss allowance of approximately HK$3,814,000 and reversal of loss allowance of approximately HK$5,000 were made for margin clients and cash clients respectively during the year ended 31 December 2018. There was no movement in the impairment of trade receivables during the year ended 31 December 2017.

13. LOANS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Secured loans	**138,022**	90,559
Unsecured loans	**273,034**	224,500
	411,056	315,059
Less: impairment allowance	**(17,152)**	–
	393,904	315,059
Analysed for reporting purposes as:		
Non-current assets	**13,500**	–
Current assets	**380,404**	315,059
	393,904	315,059

Loans receivable arise from the Group's money lending business. As at 31 December 2018, the Group has 15 (2017: 8) loans receivable, of which 3 (2017: 2) were secured and 12 (2017: 6) were unsecured. Loans receivable are bearing interests at the rates mutually agreed with the contracting parties, ranging from 13% to 14% (2017: 13% to 14%) per annum.

Included in the three secured loans receivable, one of the loans with the principal amount of HK$50,000,000 and outstanding principal amount of approximately HK$49,698,000 as at 31 December 2018 (2017: approximately HK$6,504,000) was matured on 26 January 2019, interest-bearing at 14% per annum and secured by a first mortgage given by a mortgagor over two residential properties in Shenzhen, the PRC. The fair value of the collateral at 31 December 2018, as assessed by the management of the Company, was not less than the outstanding principal amount and interest of the loan.

The other secured loan with the principal amount of HK$75,000,000 and outstanding principal amount of approximately HK$74,824,000 as at 31 December 2018 (2017: approximately HK$84,055,000) was matured on 2 March 2019, interest-bearing at 13% per annum, and secured by a first charge over securities accounts in the name of the customer according to the charge agreement dated 3 March 2017 and such securities accounts were maintained with a subsidiary of the Company, which is a brokerage firm. The market value of securities held under such securities accounts was approximately HK$40,109,000 as at 31 December 2018 (2017: HK$111,016,000).

The remaining secured loan with the principal amount of HK$25,000,000 and outstanding principal amount of HK$13,500,000 as at 31 December 2018 is interest-bearing at 13% per annum for a term of 36 months due in December 2021, guaranteed and secured by a share charge of all the issued capital of the borrower and a charge of a yacht wholly-owned by the borrower. The fair value of the collateral at 31 December 2018, as assessed by the management of the Company, with reference to the valuation report of the ship mortgage, was not less than the outstanding principal amount and interest of the loan.

In respect of the unsecured loans receivable, the average loan principal amount was about approximately HK$22,958,000 (2017: HK$37,000,000) each. The Group had granted such unsecured loans with reference to the Group's loan approval procedures which include various credit assessments and analysis. All these customers had been assessed by the Group to have good financial background and from the management's view, the default risk for these customers were low, in particular, certain loans in the aggregate amount of approximately HK$144,586,000 (2017: HK$100,000,000) were guaranteed by independent third parties. The Group had developed various monitoring procedures on the financial position of these customers.

Under the Group's ECL assessment, loss allowance on short-term loans receivable of approximately HK$17,152,000 was provided as at 31 December 2018. Based on the Group's credit assessments and analysis, no impairment was required as at year ended 31 December 2017.

Before accepting any new customer, the Group uses an internal credit assessment process to assess the potential customer's credit quality and defines credit limits. The granting of loans is subject to approval by the management, whilst outstanding balances are reviewed regularly for recoverability.

The loans receivable have been reviewed by the management of the Company to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics. Management of the Company also performs ongoing reviews of all customers for any breach of repayment terms or any incident indicating a risk of non-recoverability.

A maturity profile of the loans receivable as at the end of the reporting period, based on the remaining period to contractual maturity date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–90 days after the end of the reporting period	**164,523**	120,559
91–180 days after the end of the reporting period	**64,586**	70,000
181–365 days after the end of the reporting period	**168,447**	124,500
1 year after the end of the reporting period	**13,500**	–
	411,056	315,059

The aging analysis of loans receivable that are not considered to be impaired is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**394,867**	315,059

Loans receivable that were neither past due nor impaired were related to 2 customers (2017: 8 customers) for whom there was no recent history of default.

As at 31 December 2018, total loan interest receivables of approximately HK$24,301,000 (2017: approximately HK$6,055,000) was included in other receivables.

Details of the provision of financial assistance are set out in the announcements of the Company dated 9 January 2018, 26 January 2018, 9 March 2018, 15 May 2018, 25 May 2018, 6 September 2018, 19 October 2018, 22 November 2018, 23 November 2018, 30 November 2018, 3 December 2018, 4 December 2018, 13 December 2018 and 27 December 2018.

14. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**23,407**	42,614
Other payables and accruals	**37,343**	21,422
Securities accounts	**22,355**	39,083
Trade and other payables	**83,105**	103,119

Trade payables analysed as:

	2018	2017
	HK$'000	*HK$'000*
Trade payables arising from securities brokerage business:		
— Cash account clients	**12,837**	22,036
— Margin account clients	**10,570**	20,578
	23,407	42,614

An aging analysis of the trade payables, presented based on the transaction date, at the end of the reporting period are as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**1,941**	26,544
61 to 90 days	**1,294**	605
Over 90 days	**20,172**	15,465
	23,407	42,614

The settlement term of trade payables arising from securities brokerage business is two days after the trade date while for amounts due to cash and margin account clients are repayable on demand.

Included in trade payables arising from securities brokerage business of approximately HK$26,695,000 (2017: approximately HK$27,432,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rates.

15. LOANS PAYABLE

	2018	2017
	HK$'000	*HK$'000*
Within 1 year or on demand *(Note (ii), (iii), (iv))*	**682,195**	18,000
After 1 year but within 5 years *(Note (i), (ii))*	**–**	586,118
	682,195	604,118

As at 31 December 2018 and 2017, the Group had loans payables as follows:

(i) Loan from a financial institution with principal amount of US$25,000,000 (equivalent to approximately HK$195,373,000) which is interest-bearing at 8% per annum, guaranteed, secured by the equity interest in a subsidiary of the Company and an associate of the Group, and repayable in March 2019. The loan was fully repaid in November 2018.

(ii) Loan from a financial institution with principal amount of US$50,000,000 (equivalent to approximately HK$390,745,000) together with the accrued interest of approximately US$1,933,000 (equivalent to approximately HK$15,082,000) (2017: approximately US$258,000 (equivalent to approximately HK$2,013,000)), which is interest-bearing at 17.13% (2017: 17.13%) per annum, guaranteed, secured by equity interest in subsidiaries of the Company and associates of the Group, charge over listed equities securities held by Group, together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties, and became overdue since 18 March 2019.

The Group is in the process of negotiating with the lender for extension of the loan. Up to the date of approval of the consolidated financial statements, the lender has provided a confirmative positive response and indicated that they are willing to extend the loan.

(iii) Loan from an individual who is an independent third party, with principal amount of HK$18,000,000 together with the accrued interest of approximately HK$2,811,000 (2017: approximately HK$651,000), which is interest-bearing at 12% per annum, unsecured and became overdue since 13 September 2018. The Group intends to settle the loan payable from the proceeds of the Group's rights issue which is currently undertaken.

(iv) Loan from a financial institution with principal amount of US$35,000,000 (equivalent to approximately HK$273,450,000) together with the accrued interest of approximately US$216,000 (equivalent to approximately HK$1,687,000), which is interest-bearing at 6.80% per annum, guaranteed, secured by equity interest in subsidiaries of the Group and associates of the Group, charged on listed equities securities held by the Group, together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties. US$5,000,000 (equivalent to HK$39,064,000) and US$30,000,000 (equivalent to HK$234,386,000) are repayable in November 2019 and November 2021 respectively.

Pursuant to the loan agreement, there is an overriding repayment on demand clause that gives the lender an unconditional right at any time to require immediate payment, the balance is classified as a "Current liabilities". Notwithstanding the above repayment on demand clause, the Group do not believe that the lender will exercise the on demand right within 12 months and the loans will be repaid in accordance with the maturity dates as set out in the agreements. This evaluation was made considering: the Group has made all previously scheduled repayments on time and, up to the date of approval of the financial statements, there is no indication from the lender that they will exercise the on demand right.

The total loan interest payable of approximately HK$19,578,000 as at 31 December 2018 (2017: approximately HK$3,141,000) was included in other payables and accruals.

16. NOTES PAYABLE

	2018	2017
	HK$'000	*HK$'000*
Within 1 year *(Note (i))*	**312,596**	–
After 1 year but within 5 years *(Note (i), (ii))*	**172,959**	312,596
	485,555	312,596

As at 31 December 2018 and 2017, the Group had notes payable as follows:

(i) On 21 September 2017, the Company entered into a notes subscription agreement with an independent third party (the "Subscriber") pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, 8% per annum notes in the principal amount of up to US$40,000,000 (equivalent to approximately HK$312,596,000), which is guaranteed, secured by the security interest provided by a substantial shareholder of the Company, and repayable in September 2019 (extendable to 2020 subject to mutual agreements).

The first interest payment date shall be the date falling six months from the date of the issuance of the notes and the subsequent interest payment dates shall be the dates falling every six months thereafter up to the maturity date.

In September 2017, the 8% per annum notes with principal of US$40,000,000 were fully subscribed by the Subscriber.

The maturity date of the notes is within twelve months after the end of the reporting period, accordingly the notes is reclassified from "Non-current liabilities" to "Current liabilities" at the end of the reporting period. The Group is in the process of negotiating with the noteholder for extension of the notes. Up to the date of approval of the consolidated financial statements, the noteholder provided a confirmative positive response and indicated that they are willing to extend the notes.

(ii) On 16 November 2018, the Promissory Note in the principal amount of HK$196,000,000 was issued by the Company to Mega Ample Capital Limited (the "Vendor"), a company incorporated in the British Virgin Islands with limited liability, as consideration that the Group acquired 49% of the entire issued share capital of Multi-Fame Group Limited from the Vendor (note 9(b)(iii)). The Promissory Note may be redeemed by the Company at any time by giving the Vendor prior notice.

The details of the acquisition have been disclosed in the Company's circular dated 25 June 2018.

On 14 December 2018, the Promissory Note was transferred to an independent third party with the consent of the Group.

The fair value of the Promissory Note at issue date was approximately HK$172,297,000, based on the valuation performed by an independent professional valuer. The Promissory Note will be matured in 3 years from the issue date (the "Maturity Date") which is 16 November 2021. The coupon interest, with 8% interest rate per annum, will be paid on the Maturity Date. The effective interest rate of the Promissory Note is determined to be approximately 12.15% per annum. The Promissory Note is classified under non-current liabilities and measured at amortised cost.

The movement of carrying amount of the Promissory Note is as follows:

	HK$'000
Carrying amount upon issuance	172,297
Imputed interest expense	662
Carrying amount at 31 December 2018	172,959

17. SHARE CAPITAL

	2018		2017	
	Number of shares		Number of shares	
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid:				
At 1 January and 31 December	**1,401,917**	**2,824,801**	1,401,917	2,824,801

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report issued by Pan-China (H.K.) CPA Limited on the consolidated financial statements of the Group for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material Uncertainties Related To Going Concern

We draw attention to note 3 to the consolidated financial statements, which describes that the Group incurred a net loss of approximately HK$744,708,000 for the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$101,555,000. As at 31 December 2018, the Group had loan of HK$18,000,000 which has been overdue since September 2018, loan of US$50,000,000, equivalent to approximately HK$390,745,000, which has been overdue since mid-March 2019 and loan from financial institution and note payable of US$45,000,000, equivalent to approximately HK$351,660,000, which will mature or require payment in the year ending 31 December 2019.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the granting of the extension on the maturity dates of the loans to the Group and obtaining alternative sources of external funding in order for the Group to meet its financial obligations as they fall due. These conditions create a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding the concerns as discussed above, our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Company had no distributable reserve at 31 December 2018 and the directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

BUSINESS REVIEW

During the year under review, the Group recorded a negative turnover of approximately HK$100,426,000 (2017: approximately HK$274,849,000), and a gross loss of approximately HK$100,560,000 (2017: approximately HK$276,107,000). Such a negative turnover was primarily attributable to the recognition of a net realised loss from securities trading of approximately HK$149,666,000 (2017: approximately HK$294,360,000).

For the year ended 31 December 2018, the Group recorded a loss attributable to equity holders of the Company of approximately HK$744,708,000 (2017: approximately HK$566,826,000). The loss was mainly due to the recognition of impairment loss on interests in associates of approximately HK$306,893,000 (2017: Nil), the recognition of net realised loss from securities trading and unrealised loss on financial assets at fair value through profit or loss of approximately HK$149,666,000 and HK$116,983,000 respectively (2017: approximately HK$294,360,000 and approximately HK$160,380,000).

OPERATIONS REVIEW

Financing Operation

The interest income and operating profit generated by the financing operation were approximately HK$48,044,000 (2017: approximately HK$16,342,000) and approximately HK$37,016,000 (2017: approximately HK$8,539,000). Such an improvement on the interest income was primarily attributable to the higher average balance of loan advances to customers as compared to those of last year. It is the Group's policy to adopt a prudent approach and regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the financing operation.

Brokerage and Securities Investment Operation

Taking into account the brokerage commission income and the net realised gains or losses from securities trading of the Group, the turnover of the brokerage and securities investment operation reported a negative turnover of approximately HK$148,470,000 (2017: approximately HK$291,191,000). The negative turnover was primarily attributable to the net realised loss from securities trading of approximately HK$149,666,000 (2017: approximately HK$294,360,000) during the year.

The overall performance of the operation recorded a loss of approximately HK$278,886,000 for the year ended 31 December 2018 (2017: approximately HK$498,060,000). Save for the net realised loss from securities trading as discussed above, the loss was primarily attributable to the unrealised loss on investment in securities which amounted to approximately HK$116,983,000 for the year ended 31 December 2018 (2017: approximately HK$160,380,000) as a result of the decrease in the market prices of listed securities held by the Group for investment purpose. As at 31 December 2018, the market value of the Group's listed securities portfolio was approximately HK$467,244,000 (2017: approximately HK$835,012,000).

The Board would like to inform shareholders of the Company that all financial assets at fair value through profit or loss held as at 31 December 2018 represented shares listed in Hong Kong and the relevant information of the Group's financial assets at fair value through profit or loss which amounted to approximately HK$467,244,000 as at 31 December 2018 is summarised below:

Name of Securities	% of shareholding in the listed securities held by the Group as at 31 December 2018	Unrealised loss on financial assets at fair value through profit or loss for the year ended 31 December 2018	Fair value of the investment in listed securities as at 31 December 2018
		HK$'000	*HK$'000*
CAA Resources Limited (stock code: 2112)	1.98%	(7,650)	43,033
China Shandong Hi-Speed Financial Group Limited (stock code: 412)	2.65%	(12,952)	203,987
China Smarter Energy Group Holdings Limited (stock code: 1004)	1.15%	(5,014)	86,306
Dongwu Cement International Limited (stock code: 695)	3.58%	–	26,515
SFund International Holdings Limited (stock code: 1367)	2.32%	(41,611)	52,747
Others		(49,756)	54,656
Total		(116,983)	467,244

The Hong Kong stock market has been volatile during the year and the Board envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Trading Operation

The Group's trading operation remained inactive and therefore no turnover was generated during the year under review (2017: Nil).

In November 2018, the Group completed the acquisition of 49% of the entire issued share capital of Multi-Fame Group Limited ("Multi-Fame" and together with its subsidiaries, "Multi-Fame Group") from vendor at the consideration of HK$196,000,000. Multi-Fame Group is principally engaged in trading of the computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC. Upon completion, Multi-Fame Group becomes an associated companies of the Group. The Board considered that the acquisition can strengthen our trading business.

The post-acquisition turnover of Multi-Fame Group reached approximately HK$295,660,000 for the year ended 31 December 2018 mainly as a result of the trading of the computers and its peripherals by Multi-Fame Group. As the Group holds 49% of the entire issued share capital of Multi-Fame, the portion of the post-acquisition total comprehensive income of Multi-Fame Group shared by the Group was approximately HK$7,672,000 for the year ended 31 December 2018.

Property Development

The Group's property development business comprises of 40% of the total issued share capital of China Sky Holdings Limited ("China Sky" and together with its subsidiaries, "China Sky Group"). China Sky Group is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

1. *The Jintang Project (as defined hereinunder)*

   The first property development project comprises a residential and commercial complex known as "Jintang New City Plaza*" 金唐新城市廣場 (the "Jintang Project"), which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區西南部龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor areas for residential use is about 54,000 square meters; for shopping mall is about 36,000 square meters; for office premises is about 41,000 meters; for car parking areas and other uses is about 57,000 square meters. The term for the grant of the land use right of the land is 52 years for the residential portion and 22 years for the commercial portion.

   The construction of the Jintang Project has been completed.

2. *The Tanzishi Project (as defined hereinunder)*

   The second property development project comprises five parcels of land with a total site area of approximately 72,559 square meters (the "Tanzishi Project"). Pursuant to a co-operation agreement entered into between 重慶金唐房地產開發有限公司 ("金唐公司"), a subsidiary of China Sky, and an independent third party (the "Party B"), Party B would provide the five parcels of land for the development of the project (the "Land") and 金唐公司 would provide and arrange financing for the development of the project. It was planned that the land will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters.

   The Company has recently noted that there have been legal disputes and court proceedings between 金唐公司 and Party B which include, inter alia, the right of development of the parcels of the Land by the parties and the satisfactorily financial contributions of the Tanzishi Project.

* *For identification purpose only*

Taking into consideration the legal disputes on the Tanzishi Project, the Company has considered it prudent to make an impairment on the value of the Group's investment in China Sky Group. Based on a valuation report prepared by an independent qualified valuer, after making full provision of China Sky Group's total contributions to the Tanzishi Project and any associated costs in relation thereto, the 40% fair value of the China Sky Group as at 31 December 2018 amounted to approximately HK$209,919,000. As the carrying value of the Group's investment in China Sky Group was approximately HK$516,812,000 as at 31 December 2018, an impairment of approximately HK$306,893,000 has therefore been made on such an investment.

The turnover of the China Sky Group was approximately HK$79,768,000 for the year ended 31 December 2018 (2017: approximately HK$350,006,000) mainly as a result of the sales of the property units of the Jintang Project. As the Group holds 40% of the entire issued share capital of China Sky, the portion of the post-acquisition total comprehensive expenses of the China Sky Group shared by the Group was approximately HK$26,482,000 for the year ended 31 December 2018 (2017: total comprehensive income shared by the Group was approximately HK$46,820,000).

In view of the legal disputes that are taking place over the Tanzishi Project and the Group has made full impairment of the China Sky Group's investment over the Tanzishi Project, subject to the completion of acquisition of the entire issued share capital of Well City Enterprises Limited as discussed under the heading "Future Plans For Material Investments Or Capital Assets" below, the Group expects that the income to be generated on property development will mainly be derived from the sale of the remaining properties units of the Jintang Project by the China Sky Group in the coming year.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2018, the Group had current assets of approximately HK$976,341,000 (2017: approximately HK$1,303,600,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK$490,138,000 (excluding bank balances held under segregated trust accounts) (2017: approximately HK$895,745,000). The decrease in the liquid assets was mainly due to the decrease in the market value of the Group's listed securities portfolio.

As at 31 December 2018, the Group's current ratio, calculated on the basis of current assets of approximately HK$976,341,000 (2017: approximately HK$1,303,600,000) over current liabilities of approximately HK$1,077,896,000 (2017: approximately HK$121,119,000), decrease to 0.91 from 10.76, the significant decrease in current ratio was mainly due to the following reasons: (1) a loan amounted US$50,000,000 (equivalent to approximately HK$390,745,000) (the " Loan A") and a notes payable amounted US$40,000,000 (equivalent to approximately HK$312,596,000) (the "Notes") were reclassified from long-term liabilities into short-term liabilities; and (2) according to HK Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause, the Group's 3-years term loan with principal amount of US$35,000,000 (equivalent to approximately HK$273,450,000) (the "Loan B"), containing a repayment on demand clause is classified as current liabilities, although the repayment terms stated that US$5,000,000 will be repayable in November 2019 and US$30,000,000 will be repayable in November 2021 respectively.

On 16 November 2018, the Group completed the acquisition of 49% of the entire issued share capital of Multi-Fame from vendor at a consideration of HK$196,000,000. The Company has issued a promissory note to the vendor to settle the consideration. Details of the Acquisition are set out in the circular of the Company dated 25 June 2018.

As at 31 December 2018, the Group had total loans payable of approximately HK$1,167,750,000 (2017: approximately HK$916,714,000) with the interest rate of between 6.8% to 17.13% (2017: 8% to 17.13%) per annum and no finance lease obligation (2017: Nil).

The Group recorded a net current liabilities of approximately HK$101,555,000 as at 31 December 2018, which was mainly due to Loan B, containing a repayment on demand clause has classified as current liabilities which mentioned in above. Notwithstanding the above repayment on demand clause, the Group do not believe that the lender will exercise on demand right within 12 months and the loans will be repaid in accordance with the maturity dates as set out in the agreements. This evaluation was made considering: the Group has made all previously scheduled repayments on time and, up to the date of approval of the consolidated financial statements, there is no indication from the lender that they will exercise on demand right. In accordance with to the terms of Loan B, the repayment terms are US$5,000,000 (equivalent to approximately HK$39,064,000) to be repaid in November 2019 and US$30,000,000 (equivalent to approximately HK$234,386,000) in November 2021 respectively. Thus, in essence, if Loan B is considered as a long-term loan, the Group will record current assets of approximately HK$976,341,000, current liabilities of approximately HK$843,510,000 and net current assets of approximately HK$132,831,000.

Moreover, the Group is in the process of negotiating with the lender of the Loan A and the noteholder of the Notes for extension of the liabilities as aforementioned. Up to the date of approval of the consolidated financial statements, both of them have provided a confirmative positive response and indicated that they are willing to extend the loans.

As at 31 December 2018, the Group had total liabilities of approximately HK$1,254,657,000 (2017: approximately HK$1,019,833,000). The gearing ratio (calculated as total liabilities divided by total equity) was approximately 956.52% as at 31 December 2018 (2017: approximately 116.23%).

At the end of the reporting period, the equity attributable to the Company's equity owners amounted to approximately HK$131,169,000 (2017: approximately HK$877,425,000), representing a decrease of approximately 85.05% as compared to 2017, which was equivalent to a consolidated net asset value of about approximately HK$0.09 per share of the Company (2017: HK$0.63 per share).

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi (the "RMB"), US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken and considered necessary by the Group.

Pledge of Assets

As at 31 December 2018, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$406,517,000 (2017: approximately HK$704,294,000) were pledged to securities brokers and two financial institutions to secure certain margin financing and loans granted to the Group. The equity interest of associates with an aggregate carrying amount of approximately HK$389,888,000 (2017: approximately HK$543,294,000) was also pledged to secure loans from two financial institutions.

Capital Commitment

The Group had no capital commitment as at 31 December 2018 (2017: Nil).

Contingent Liabilities

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will be the maximum penalty of HK$10,000,000.

In addition, the subsidiary of the Company may also be found liable to certain third parties for an aggregate amount of approximately HK$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are timebarred and the time limitation had lapsed by 31 December 2016.

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group and the possible claims of HK$8,000,000 is regarded as contingent liabilities as at 31 December 2018.

As explained above, the Group is subject to possible claims of HK$8,000,000 and a possible maximum penalty of HK$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

Save as disclosed above, there were no other material contingent liabilities as at 31 December 2018.

PROSPECT

The global economy in 2018 was characterised by numerous political uncertainties: the future development of the trade disputes between the U.S. and China, the negotiations on the forthcoming Brexit, the Italian budgetary policy, the economic and political development in Turkey and much more. Unfortunately, these insecurities will not diminish in 2019. Global economic growth could therefore be weaker in 2019 than in 2018.

Taking these views into consideration, the Group will adopt a more prudent approach in its investment strategy in the coming year. The Group will continue its strategy to concentrate in identifying suitable and/or attractive investment opportunities for possible acquisitions and further expansion of its finance services business, such as money-lending, securities investment and margin loans financing.

MATERIAL ACQUISITIONS

(1) Reference are made to the announcements, notice and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018, 15 August 2018, 7 November 2018 and 1 February 2019. Terms used hereinafter shall have the same meaning as defined in the above announcements, notice and circular.

    On 7 August 2017, an indirect wholly-owned subsidiary of the Company has entered into the Acquisition Agreement as amended by six supplemental agreements with the Vendor in relation to the Acquisition of the Sale Shares and the Sale Indebtedness at the total consideration of HK$130,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The scope of business of the Target Group is included but not limited to property development, property leasing and ocean tourism project development in the PRC.

On 4 July 2018, the ordinary resolution to approve the Acquisition, as set out in the notice of extraordinary general meeting dated 31 May 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon for fulfillment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 31 May 2018.

(2) Reference are made to the announcements, notice and circular of the Company dated 1 September 2017, 22 September 2017, 3 November 2017, 1 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 25 June 2018, 6 July 2018, 11 July 2018, 31 August 2018 and 16 November 2018. Terms used hereinafter shall have the same meaning as defined in the above announcements, notice and circular.

On 1 September 2017, an indirect wholly-owned subsidiary of the Company has entered into the Sale and Purchase Agreement as amended by two supplemental agreements with the Vendor in relation to acquire the Sale Shares for the Consideration of HK$196,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The target group is principally engaged in trading of computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC.

On 11 July 2018, the ordinary resolution to approve the Acquisition, as set out in the notice of extraordinary general meeting dated 25 June 2018, was duly passed by way of poll at the extraordinary general meeting of the Company and the Acquisition was completed on 16 November 2018.

Details of the Acquisition are set out in the circular of the Company dated 25 June 2018.

Save as disclosed above, there were no other material acquisitions and disposals as at 31 December 2018.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group is principally engaged in the trading of goods, provision of finance, property development, brokerage and securities investment. The Group will continue to explore suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

Save for the information disclosed below and in other parts of this section, during the year and up to the date of this announcement, the Group has no other plan for material investments or capital assets.

Property development

As stated in the above "Material Acquisitions" section and reference are made to the announcements and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018, 15 August 2018, 7 November 2018 and 1 February 2019. The Group entered into an acquisition agreement as amended by six supplemental agreements to acquire the entire issued share capital of and sale indebtedness of Well City Enterprises Limited ("Well City" and together with its subsidiary, "Well City Group"). As Well City Group is engaged in property development in Hainan where tourism industry has been growing in the recent years, it is believed that tourism-related property development in Hainan, the PRC is in demand and the price of such property will rise. The Group intends to hold, upon completion of the acquisition, the property project as an investment which can be realised for capital gain, the property project is also anticipated to bring an income stream for the Company deriving from the operation of the property project as a hotel by the hotel operator. By investing in the Well City Group, it is expected that the Group can tap into the property development market in Hainan, the PRC and expand its property development business.

Trading

As stated in the above "Material Acquisitions" section and reference are made to the announcements and circular of the Company dated 1 September 2017, 22 September 2017, 3 November 2017, 1 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 25 June 2018, 6 July 2018, 11 July 2018, 31 August 2018 and 16 November 2018. The acquisition was completed on 16 November 2018, the Group believes that leveraged on the business network of Multi-Fame Group will provide strategic support to the continual development of the Group in the PRC and enhance the Group's trading business in the future.

Following the entering into the acquisition agreement in property development business and the completion of the acquisition in trading business stated above, those acquisitions will expand the businesses of the Group in the future.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The significant events took place subsequent to the end of the reporting period are as below:

1. On 15 January 2019, the Company intends to put forward a proposal to the shareholders of the Company to effect the share consolidation and the Company entered into an underwriting agreement with the underwriter. The rights issue is proposed to take place after share consolidation become effective. The net proceeds from the rights issue are intended to be used to settlement of the Group's existing debts and interest and remaining amount of the proceeds for general working capital purpose of the Company. Details of the transaction are set out in the announcement and circular of the Company dated 15 January 2019 and 8 March 2019.

2. On 22 January 2019, Global Wealth Finance Limited ("Global Wealth", an indirect wholly-owned subsidiary of the Company) entered into a revolving loan agreement whereby Global Wealth provided an unsecured revolving loan in the principal amount of up to HK$21,000,000 to an individual third party for a term of 12 months. Details of the transaction are set out in the announcement of the Company dated 22 January 2019.

3. On 23 January 2019, Global Wealth entered into a loan agreement whereby Global Wealth provided an unsecured loan in the principal amount of HK$20,000,000 to an individual third party for a term of 12 months. Details of the transaction are set out in the announcement of the Company dated 23 January 2019.

4. On 1 February 2019, New Premium Development Limited, an indirect wholly-owned subsidiaries of the Company entered into the sixth supplemental agreement relating to the acquisition agreement dated 7 August 2017 in respect of the acquisition of the entire issued share capital of Well City Enterprises Limited, to extend the long stop date to 8 November 2019. Details of which are set out in the announcement of the Company dated 1 February 2019.

5. On 28 March 2019, the ordinary resolutions to approve the share consolidation and rights issue, as set out in the notice of extraordinary general meeting of the Company (the "EGM") dated 8 March 2019, were duly passed by way of poll at the EGM. The share consolidation was become effective on 29 March 2019. Details of the share consolidation and Rights Issue are set out in the circular of the Company dated 8 March 2019 and the announcement of the Company dated 28 March 2019.

Save as disclosed above, there were no other significant events took place subsequent to the end of the reporting period.

CORPORATE GOVERNANCE PRACTICES

The Company strives to attain high standards of corporate governance. The Board believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests.

During the year, the Board and the Company has complied with the code provisions of Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Mr. Li Dong did not attend the annual general meeting held on 13 June 2018 (the "Meeting") as he had another business engagement. The executive director of the Company, who took the chair of the Meeting and other members of the Board together with the chairmen of the audit, nomination and remuneration committees of the Company and other members of each of the audit, nomination and remuneration committees of the Company attended the Meeting. The Company considers that the members of the Board and the audit, nomination and remuneration committees who attended the Meeting were already of sufficient caliber and number for answering questions at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code for the year ended 31 December 2018.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the year ended 31 December 2018 had been reviewed by the audit committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.gtghl.com). The annual report of the Company for the year ended 31 December 2018 will be despatched to shareholders of the Company and will be published on the same websites in due course.

By Order of the Board
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.