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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of Eternity Investment Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 together with the comparative figures for 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Continuing operations			
Revenue	4	**188,037**	53,989
Cost of sales		**(63,478)**	(57,537)
Gross profit/(loss)		**124,559**	(3,548)
Investment and other income	5	**2,970**	1,273
Other gains and losses	6	**(524,816)**	(74,634)
Selling and distribution expenses		**(5,350)**	(3,842)
Administrative expenses		**(162,812)**	(100,573)
Share of results of associates		**8,909**	282
Loss from operations		**(556,540)**	(181,042)
Finance costs	7	**(43,276)**	(23,627)
Loss before taxation		**(599,816)**	(204,669)
Income tax credit	8	**11,091**	9,052
Loss for the year from continuing operations	9	**(588,725)**	(195,617)
Discontinued operation			
Loss for the year from discontinued operation		**—**	(3)
Loss for the year		**(588,725)**	(195,620)

	Notes	2018 HK$'000	2017 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(586,090)**	(195,545)
Non-controlling interests		**(2,635)**	(75)
		(588,725)	(195,620)
Loss per share	*10*		
From continuing and discontinued operations			
Basic and diluted		**HK(15.34) cents**	HK(5.41) cents
From continuing operations			
Basic and diluted		**HK(15.34) cents**	HK(5.41) cents
From discontinued operation			
Basic and diluted		**N/A**	HK — cent

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
Loss for the year	**(588,725)**	(195,620)
Other comprehensive (expense)/income for the year, net of income tax		
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income/(expense) of associates	**19,945**	(910)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(65,089)**	112,251
Reclassification adjustments for a foreign operation disposed of	**10,651**	—
Share of other comprehensive expense of an associate	**(265)**	—
	(54,703)	112,251
Other comprehensive (expense)/income for the year, net of income tax	**(34,758)**	111,341
Total comprehensive expense for the year	**(623,483)**	(84,279)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(620,941)**	(84,201)
Non-controlling interests	**(2,542)**	(78)
	(623,483)	(84,279)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**535,761**	664,795
Investment properties		**175,600**	810,019
Intangible assets		**868,411**	931,421
Goodwill		**278,407**	353,599
Interests in associates		**251,383**	38,393
Deferred tax assets		**15,083**	6,280
Prepayments and other receivables		**50,104**	20,957
Loan receivables	*11*	**353,021**	574,503
		2,527,770	3,399,967
Current assets			
Inventories		**37,471**	38,453
Loan receivables	*11*	**815,718**	626,127
Trade receivables	*12*	**32,974**	41,107
Deposits, prepayments and other receivables		**129,087**	228,495
Amount due from an associate		**—**	1,480
Financial assets at fair value through profit or loss		**287,302**	662,943
Tax recoverable		**243**	323
Cash and cash equivalents		**140,628**	225,010
		1,443,423	1,823,938
Total assets		**3,971,193**	5,223,905
EQUITY			
Share capital		**38,196**	38,196
Reserves		**2,617,508**	3,228,193
Equity attributable to owners of the Company		**2,655,704**	3,266,389
Non-controlling interests		**(2,626)**	(84)
Total equity		**2,653,078**	3,266,305

	Notes	2018 HK$'000	2017 HK$'000
LIABILITIES			
Current liabilities			
Trade payables	*13*	**3,593**	8,452
Deposits received, accruals and other payables		**121,233**	383,528
Receipts in advance		**41,235**	43,467
Promissory note		**—**	—
Tax payables		**86,664**	87,659
Bank borrowings		**157,201**	166,261
Other borrowings		**200,000**	300,000
Amount due to a director		**50,000**	—
		659,926	989,367
Non-current liabilities			
Deposit received and other payables		**102,535**	91,834
Receipts in advance		**16,200**	37,800
Bank borrowings		**—**	185,193
Secured notes		**299,611**	299,398
Deferred tax liabilities		**239,843**	354,008
		658,189	968,233
Total liabilities		**1,318,115**	1,957,600
Total equity and liabilities		**3,971,193**	5,223,905
Net current assets		**783,497**	834,571
Total assets less current liabilities		**3,311,267**	4,234,538

Notes:

1. **Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**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 and by the disclosure requirements of the Hong Kong Companies Ordinance.

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

The consolidated financial statements are presented in thousands of units of Hong Kong dollar (**HK$'000**), which is same as the functional currency of the Company.

2. **Application of new and amendments to HKFRSs**

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time in the current year:

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

Except as described below, the application of all other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and financial positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from sale of jewelry products which arises from contracts with customers.

The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

At the date of initial application, the Group assessed the classification of certain properties based on conditions existing at the date. There is no impact to the classification at 1 January 2018.

New and amendments to HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2021.

5 Effective for annual periods beginning on or after a date to be determined.

3. Operating segments

The Group's operating segments have been determined based on the information reported to the Chairman of the board of directors, being the chief operating decision maker, that are used for performance assessment and to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. The Group currently has four operating segments:

(a)	Property investment	Leasing of rental properties
(b)	Sale of financial assets	Sale of financial assets at fair value through profit or loss ("**FVTPL**")
(c)	Money lending	Money lending
(d)	Sale of jewelry products	Design and sale of jewelry products, and sale of precious stones

An operating segment regarding the distribution of films and sub-licensing of film rights was discontinued on 17 February 2017 upon the disposal of Riche Video Limited.

The sale of precious stones business has been suspended since the first quarter of 2017.

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the years ended 31 December 2018 and 2017 by operating segments are as follows:

Segment revenue and results

For the year ended 31 December 2018

	Continuing operations					Discontinued operation	
	Property investment *HK$'000*	**Sale of financial assets** *HK$'000*	**Money lending** *HK$'000*	**Sale of jewelry products** *HK$'000*	**Sub-total** *HK$'000*	**Distribution** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue	**36,286**	**6,698**	**96,274**	**48,779**	**188,037**	**—**	**188,037**
Segment (loss)/profit	**(279,788)**	**(289,126)**	**31,978**	**(6,473)**	**(543,409)**	**—**	**(543,409)**
Interest income on bank deposits					**175**	**—**	**175**
Unallocated corporate income					**502**	**—**	**502**
Unallocated corporate expenses					**(13,244)**	**—**	**(13,244)**
Gain on disposal of an associate					**1,520**	**—**	**1,520**
Loss on disposal of subsidiaries					**(10,993)**	**—**	**(10,993)**
Finance costs					**(43,276)**	**—**	**(43,276)**
Share of results of associates					**8,909**	**—**	**8,909**
Loss before taxation					**(599,816)**	**—**	**(599,816)**
Income tax credit					**11,091**	**—**	**11,091**
Loss for the year					**(588,725)**	**—**	**(588,725)**

For the year ended 31 December 2017

	Continuing operations					Discontinued operation	
	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Sub-total *HK$'000*	Distribution *HK$'000*	Consolidated *HK$'000*
Segment revenue	44,412	(103,657)	70,626	42,608	53,989	—	53,989
Segment profit/(loss)	10,552	(195,659)	68,820	(4,801)	(121,088)	(3)	(121,091)
Interest income on bank deposits					76	—	76
Unallocated corporate income					175	—	175
Unallocated corporate expenses					(60,271)	—	(60,271)
Gain on disposal of a subsidiary					1	—	1
Impairment loss recognised in respect of amount due from an associate					(217)	—	(217)
Finance costs					(23,627)	—	(23,627)
Share of results of associates					282	—	282
Loss before taxation					(204,669)	(3)	(204,672)
Income tax credit					9,052	—	9,052
Loss for the year					(195,617)	(3)	(195,620)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

Segment results represent (loss incurred)/profit earned by each segment without allocation of central administrative expenses including directors' emoluments, share of results of associates, certain investment and other income, certain other gains and losses, finance costs and income tax credit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

At 31 December 2018

	Continuing operations					Discontinued operation	
	Property investment	Sale of financial assets	Money lending	Sale of jewelry products	Sub-total	Distribution	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets							
— Hong Kong	**416,066**	**569,728**	**1,188,093**	**68,647**	**2,242,534**	**—**	**2,242,534**
— The People's Republic of China (the "**PRC**")	**1,646,961**	**—**	**—**	**—**	**1,646,961**	**—**	**1,646,961**
	2,063,027	**569,728**	**1,188,093**	**68,647**	**3,889,495**	**—**	**3,889,495**
Unallocated corporate assets							**81,698**
Consolidated total assets							**3,971,193**
Segment liabilities							
— Hong Kong	**(126,477)**	**(12,112)**	**(73,952)**	**(37,006)**	**(249,547)**	**—**	**(249,547)**
— The PRC	**(545,473)**	**—**	**—**	**—**	**(545,473)**	**—**	**(545,473)**
	(671,950)	**(12,112)**	**(73,952)**	**(37,006)**	**(795,020)**	**—**	**(795,020)**
Unallocated corporate liabilities							**(523,095)**
Consolidated total liabilities							**(1,318,115)**

At 31 December 2017

	Continuing operations					Discontinued operation	
	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Sub-total *HK$'000*	Distribution *HK$'000*	Consolidated *HK$'000*
Segment assets							
— Hong Kong	242,294	726,458	1,284,413	70,973	2,324,138	—	2,324,138
— The PRC	2,668,627	—	—	—	2,668,627	—	2,668,627
	2,910,921	726,458	1,284,413	70,973	4,992,765	—	4,992,765
Unallocated corporate assets							231,140
Consolidated total assets							5,223,905
Segment liabilities							
— Hong Kong	(128,947)	(12,118)	(1,135)	(31,926)	(174,126)	—	(174,126)
— The PRC	(1,163,172)	—	—	—	(1,163,172)	—	(1,163,172)
	(1,292,119)	(12,118)	(1,135)	(31,926)	(1,337,298)	—	(1,337,298)
Unallocated corporate liabilities							(620,302)
Consolidated total liabilities							(1,957,600)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, amount due from an associate, certain deposits, prepayments, other receivables and cash and cash equivalents that are not attributable to individual segments. Assets used jointly by individual segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to operating segments other than other borrowings, secured notes, certain accruals, other payables and tax payables that are not attributable to individual segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other segment information

For the year ended 31 December 2018

	Continuing operations						Discontinued operation	
	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Unallocated *HK$'000*	Sub-total *HK$'000*	Distribution *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment (loss)/ profit and segment assets								
Additions to property, plant and equipment	70,888	—	—	25	—	70,913	—	70,913
Amortisation of intangible assets	(20,887)	—	—	—	—	(20,887)	—	(20,887)
Depreciation of property, plant and equipment	(22,836)	—	—	(61)	—	(22,897)	—	(22,897)
Dividend income	—	661	—	—	—	661	—	661
Gain arising on change in fair value of investment properties	14,500	—	—	—	—	14,500	—	14,500
Impairment loss recognised in respect of loan receivables	—	—	(17,547)	—	—	(17,547)	—	(17,547)
Impairment loss recognised in respect of other receivables	(21,285)	—	—	—	—	(21,285)	—	(21,285)
Impairment loss recognised in respect of trade receivables	—	—	—	(89)	—	(89)	—	(89)
Interest income on other receivables	1,053	129	—	—	502	1,684	—	1,684
Loss arising on change in fair value of financial assets at FVTPL	—	(296,211)	—	—	—	(296,211)	—	(296,211)
Written-off of property, plant and equipment	(233,632)	—	—	—	—	(233,632)	—	(233,632)

For the year ended 31 December 2017

	Continuing operations						Discontinued operation	
	Property investment *HK$'000*	Sale of financial assets *HK$'000*	Money lending *HK$'000*	Sale of jewelry products *HK$'000*	Unallocated *HK$'000*	Sub-total *HK$'000*	Distribution *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit/(loss) and segment assets								
Additions to investment properties	190,403	—	—	—	—	190,403	—	190,403
Additions to property, plant and equipment	56,301	—	—	—	161,880	218,181	—	218,181
Amortisation of intangible assets	(20,456)	—	—	—	—	(20,456)	—	(20,456)
Depreciation of property, plant and equipment	(14,083)	—	—	(116)	(1,544)	(15,743)	—	(15,743)
Dividend income	—	1,022	—	—	—	1,022	—	1,022
Gain arising on change in fair value of investment properties	20,013	—	—	—	—	20,013	—	20,013
Impairment loss recognised in respect of goodwill	(1,813)	—	—	—	—	(1,813)	—	(1,813)
Loss arising on change in fair value of financial assets at FVTPL	—	(92,526)	—	—	—	(92,526)	—	(92,526)
Loss on disposal of property, plant and equipment	(92)	—	—	—	—	(92)	—	(92)

Geographical information

The Group mainly operates in Hong Kong and the PRC. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Continuing operations Revenue from external customers		Discontinued operation Revenue from external customers		Continuing operations Non-current assets*		Discontinued operation Non-current assets*	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Australia	**21**	68	**—**	—	**—**	—	**—**	—
Europe	**10,437**	10,218	**—**	—	**—**	—	**—**	—
Hong Kong	**144,595**	(1,493)	**—**	—	**665,778**	432,895	**—**	—
The Middle East	**—**	705	**—**	—	**—**	—	**—**	—
The PRC	**32,777**	44,412	**—**	—	**1,465,511**	2,386,289	**—**	—
The United States of America	**207**	79	**—**	—	**—**	—	**—**	—
	188,037	53,989	**—**	—	**2,131,289**	2,819,184	**—**	—

* Non-current assets excluded deferred tax assets, other receivables and loan receivables.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Customer 1[1]	**N/A[4]**	18,549
Customer 2[1]	**19,901**	13,303
Customer 3[2]	**21,264**	20,809
Customer 4[2]	**N/A[4]**	9,159
Customer 5[3]	**N/A[4]**	16,200
Customer 6[3]	**N/A[4]**	12,191
Customer 7[3]	**N/A[4]**	10,560

1 Revenue from sale of jewelry products.
2 Revenue from property investment.
3 Revenue from money lending.
4 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers

	HK$'000
Continuing operations	
Sale of jewelry products	**48,779**
Timing of revenue recognition	
A point in time	**48,779**

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	HK$'000
Continuing operations	
Sale of jewelry products	**48,779**
Revenue from contracts with customers	**48,779**
Sale of financial assets, net	**6,698**
Interest income on loans	**96,274**
Rental income	**36,286**
Total revenue	**188,037**

For the year ended 31 December 2017

	HK$'000
Continuing operations	
Sale of jewelry products	42,608
Sale of financial assets, net	(103,657)
Interest income on loans	70,626
Rental income	44,412
Total revenue	53,989

Revenue from sale of financial assets is recorded on a net basis, details of which are as follows:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Proceeds from sale of financial assets at FVTPL	**91,046**	356,032
Carrying amounts of financial assets at FVTPL sold plus transaction costs	**(84,348)**	(459,689)
	6,698	(103,657)

5. Investment and other income

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Dividend income	**661**	1,022
Interest income on bank deposits	**175**	76
Interest income on other receivables	**1,684**	—
Net foreign exchange gain	**—**	63
Sundry income	**450**	112
	2,970	1,273

6. Other gains and losses

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Gain arising on change in fair value of investment properties	**14,500**	20,013
Gain on disposal of an associate	**1,520**	—
Impairment loss recognised in respect of amount due from an associate	**—**	(217)
Impairment loss recognised in respect of goodwill	**—**	(1,813)
Loss arising on change in fair value of financial assets at FVTPL	**(296,211)**	(92,526)
(Loss)/gain on disposal of subsidiaries	**(10,993)**	1
Loss on disposal of property, plant and equipment	**—**	(92)
Written-off of property, plant and equipment	**(233,632)**	—
	(524,816)	(74,634)

7. Finance costs

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank borrowings	**9,266**	9,857
Interest on other borrowings	**9,797**	5,216
Imputed interest on secured notes	**24,213**	8,554
	43,276	23,627

8. Income tax credit

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax		
— Current tax	**(2,283)**	(2,103)
— Over provision in prior years	**123**	20
	(2,160)	(2,083)
PRC Enterprise Income Tax		
— Current tax	**(1,883)**	(1,633)
Deferred taxation credit	**15,134**	12,768
	11,091	9,052

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the year ended 31 December 2017.

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% for both years.

9. Loss for the year from continuing operations

Loss for the year from continuing operations has been arrived at after charging/(crediting):

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Amortisation of intangible assets (included in administrative expenses)	**20,887**	20,456
Auditors' remuneration:		
— audit services	**1,088**	1,108
— non-audit services	**353**	467
	1,441	1,575
Cost of inventories sold	**43,752**	38,057
Depreciation of property, plant and equipment	**22,897**	15,743
Impairment loss recognised in respect of loan receivables	**17,547**	—
Impairment loss recognised in respect of other receivables	**21,285**	—
Impairment loss recognised in respect of trade receivables	**89**	—
Net foreign exchange loss/(gain)	**67**	(63)
Operating lease rentals in respect of rental premises	**3,259**	2,873
Operating lease rentals in respect of operating rights	**16,831**	16,471
Less: operating lease rentals capitalised	**(11,134)**	(10,896)
	5,697	5,575
Equity-settled share-based payment expenses in respect of consultancy services	**—**	702
Staff costs (including directors' emoluments):		
— salaries, allowances and benefits in kind	**46,905**	34,425
— discretionary bonuses	**25,463**	25,215
— contributions to retirement benefits scheme	**1,528**	434
— equity-settled share-based payment expenses	**9,063**	9,821
	82,959	69,895
Gross rental income from investment properties and operating rights	**(36,286)**	(44,412)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the year	**19,726**	19,480
Less: direct operating expenses incurred for investment properties and operating rights that did not generated rental income during the year	**382**	401
	(16,178)	(24,531)

10. Loss per share

From continuing and discontinued operations

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

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(586,090)**	(195,545)

	For the year ended 31 December	
	2018	2017
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,819,606**	3,615,020

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options as they had an anti-dilutive effect to the basic loss per share for the years ended 31 December 2018 and 2017. The basic and diluted loss per share are the same for both years.

From continuing operations

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

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year from continuing operations	**(588,725)**	(195,617)
Less: loss for the year from continuing operations attributable to non-controlling interests	**2,635**	75
Loss for the year from continuing operations attributable to owners of the Company	**(586,090)**	(195,542)

The denominators used are same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation

The calculation of basic and diluted loss per share from discontinued operation attributable to the owners of the Company is based on the following data:

	For the year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year from discontinued operation	—	(3)

The denominators used are same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

11. Loan receivables

	2018	2017
	HK$'000	*HK$'000*
Loan to customers	**1,174,998**	1,187,301
Accrued interest receivables	**11,288**	13,329
	1,186,286	1,200,630
Less: allowance for credit losses	**(17,547)**	—
	1,168,739	1,200,630

All loans are denominated in Hong Kong dollar. The loan receivables carry effective interest ranging from 8% to 15% per annum (2017: 8% to 15% per annum). A maturity profile of the loan receivables (net of allowance for credit losses) at 31 December 2018 and 2017, based on the maturity date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Current assets		
Within one year	**815,718**	626,127
Non-current assets		
More than one year but not exceeding two years	**353,021**	574,503
	1,168,739	1,200,630

During the year ended 31 December 2018, an allowance for credit losses of HK$17,547,000 was recognised in respect of loan receivables (2017: Nil).

At 31 December 2018, a loan in the principal amount of HK$100,000,000 is secured by a corporate guarantee. At 31 December 2017, certain loans in the aggregate principal amounts of HK$180,000,000 were secured by personal and corporate guarantees, and pledge of customer's property.

Included in the carrying amount of loan receivables as at 31 December 2018 is an accumulated allowance for credit losses of HK$17,547,000 (2017: Nil).

12. Trade receivables

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**33,063**	41,107
Less: allowance for credit losses	**(89)**	—
	32,974	41,107

The following is an aging analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period presented based on the invoice dates:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**5,494**	5,333
31-60 days	**5,651**	11,503
61-90 days	**5,669**	6,139
91-120 days	**3,442**	3,195
121-180 days	**5,757**	11,469
Over 180 days	**6,961**	3,468
	32,974	41,107

The Group allows credit period ranging from 0 to 180 days to its customers. The directors assess the credit status and impose credit limits for customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the year ended 31 December 2018, an allowance for credit losses of HK$89,000 was recognised in respect of trade receivables (2017: Nil).

Included in the carrying amount of trade receivables as at 31 December 2018 is an accumulated allowance for credit losses of HK$89,000 (2017: Nil).

13. Trade payables

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**3,593**	8,452

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

	2018	2017
	HK$'000	*HK$'000*
0 – 30 days	**240**	819
31 – 60 days	**344**	219
61 – 90 days	**286**	1,660
91 – 120 days	**484**	544
Over 120 days	**2,239**	5,210
	3,593	8,452

The average credit period on purchase of goods and services is 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Given that the Group had not been able to secure quality films at reasonable price for distribution, the Group ceased its film distribution business by disposing of the entire issued share capital of Riche Video Limited ("**Riche Video**"), a wholly-owned subsidiary of the Company engaged in distribution of video products and holding of film rights, on 17 February 2017 in order to concentrate its resources on existing businesses. Accordingly, the results of Riche Video were presented separately as discontinued operation for financial reporting purposes.

Loss attributable to owners of the Company for the year ended 31 December 2018 amounted to HK$586,090,000, a 200% increase from HK$195,545,000 for the previous year. The deterioration in the results is discussed in "*Results of continuing operations*" and "Operations Review" below.

Results of continuing operations

During the year ended 31 December 2018, the Group recorded revenue of HK$188,037,000, a 248% increase from HK$53,989,000 for the previous year. This significant increase was mainly attributable to the recognition of the revenue of HK$6,698,000 for the Group's sale of financial assets business in the year ended 31 December 2018, whereas a loss of HK$103,657,000 was recorded in the previous year. Of the total revenue, HK$96,274,000 was generated from money lending, HK$36,286,000 was generated from property investment, HK$48,779,000 was generated from sale of jewelry products, and HK$6,698,000 was generated from sale of financial assets.

Loss for the year ended 31 December 2018 from continuing operations amounted to HK$588,725,000, a 201% increase from HK$195,617,000 in the year ended 31 December 2017.

Gross profit for sale of jewelry products increased by 10% from HK$4,551,000 in the year ended 31 December 2017 to HK$5,027,000 in the year ended 31 December 2018. Gross profit margin for sale of jewelry products decreased from 11% in the year ended 31 December 2017 to 10% in the year ended 31 December 2018. The increase in gross profit was mainly attributable to the increase in sale. The decrease in gross profit margin was mainly due to the increase in moulding and production costs in producing product samples for business development.

Gross profit for property investment decreased by 34% from HK$24,931,000 in the year ended 31 December 2017 to HK$16,560,000 in the year ended 31 December 2018. Gross profit margin for property investment decreased from 56% in the year ended 31 December 2017 to 46% in the year ended 31 December 2018. The decrease in gross profit and gross profit margin was mainly attributable to the disposal of the Group's investment properties located at No. 33 Nonglinxia Road, Yuexiu District, Guangzhou, Mainland China (the "**Guangzhou Property**") on 22 June 2018.

Other gains and losses represent items of income and expenses, which are material and/or extraordinary in nature. Net loss of other gains and losses increased by 603% from HK$74,634,000 in the year ended 31 December 2017 to HK$524,816,000 in the year ended 31 December 2018. Major items of other gains and losses recorded by the Group during the year are as follows:

(a) At the end of the reporting period, the Group measured its investment properties in Hong Kong at fair value based a valuation prepared by an independent qualified valuer and recognised a gain of HK$14,500,000 arising on change in fair value of investment properties.

(b) Upon completion of the acquisition of 1,020,000,000 shares in Global Mastermind Holdings Limited ("**Global Mastermind**"), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM operated by The Stock Exchange of Hong Kong Limited (the "**Exchange**") under stock code: 8063, the Group measured the 217,750,000 shares in Global Mastermind already held by it at market price for transferring these shares from "financial assets at fair value through profit or loss ("**FVTPL**")" to "interests in associates" in applying equity method to account for its investment in Global Mastermind. As a result, the Group recognised a gain of HK$554,000 arising on change in fair value of financial assets at FVTPL.

    At the end of the reporting period, the Group measured its Hong Kong listed equities classified as financial assets at FVTPL at fair value based on the closing prices as quoted on the Exchange and recognised a loss of HK$296,765,000 arising on change in fair value of financial assets at FVTPL.

(c) In the second half of 2018, seven hotel villas erected on the first phase of the Subject Land (as defined below) were demolished in order to make way for developing a new business and a HK$233,621,000 written-off of "construction in progress" classified under "property, plant and equipment" was recognised. In addition, fixed assets with a carrying amount of HK$11,000 were written off in the second half of 2018.

(d) On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume Investments Limited ("**Best Volume**") at a consideration of HK$405,000,000 and recognised a loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the Guangzhou Property.

Selling and distribution expenses mainly represent staff costs of sales team, overseas travelling expenses, exhibition expenses, freight charges, and commission incurred by the Group's sale of jewelry products business. Selling and distribution expenses increased by 39% from HK$3,842,000 in the year ended 31 December 2017 to HK$5,350,000 in the year ended 31 December 2018. This increase was mainly attributable to the increase in overseas travelling expenses and exhibition expenses for developing European and the United States markets.

Administrative expenses amounted to HK$162,812,000 for the year ended 31 December 2018, a 62% increase from HK$100,573,000 for the previous year. This increase was mainly attributable to (i) a HK$7,030,000 increase in depreciation expense due to the full year effect of depreciation on the acquisition of certain office units in Hong Kong for own use in September 2017, (ii) a HK$1,755,000 increase in overseas travelling expenses, (iii) a HK$13,383,000 increase in staff costs (including directors' emoluments) due to an increase in directors' emoluments and increased operating activities in Beijing, Mainland China, and (iv) the recognition of an allowance for credit losses of HK$38,921,000 on the Group's receivables, which was made in accordance with the new impairment model of HKFRS 9 *Financial Instruments* and had no effect on the Group's cashflow.

Share of results of associates amounted to HK$8,909,000 for the year ended 31 December 2018, representing (i) the share of profit of HK$17,410,000 from Elite Prosperous Investment Limited ("**Elite Prosperous**"), a 49% owned associate of the Company, and (ii) a gain on bargaining purchase of HK$3,407,000 arising from the acquisition of 1,020,000,000 shares in Global Mastermind as discussed in "*Investments in associates*" under "Operations Review" below, which were partly offset by (i) the share of loss of HK$11,907,000 from Global Mastermind and (ii) the share of loss of HK$1,000 from China Hong Kong Money Limited, a 30% owned associate of the Company.

Finance costs increased by 83% from HK$23,627,000 in the year ended 31 December 2017 to HK$43,276,000 in the year ended 31 December 2018. Such increase was mainly due to the full year effect of imputed interest on the Company's HK$300,000,000 8% secured notes due 2020 (the "**Secured Notes**") as the Secured Notes were issued on 25 August 2017.

Income tax credit increased from HK$9,052,000 in the year ended 31 December 2017 to HK$11,091,000 in the year ended 31 December 2018. This increase was mainly due to (i) the recognition of a deferred tax credit of HK$8,216,000 arising from the allowance for credit losses made on the Group's receivables, and (ii) the absence of a deferred tax credit arising from loss on change in fair value of the Guangzhou Property in the year ended 31 December 2018, where the deferred tax credit arising from loss on change in fair value of the Guangzhou Property amounted to HK$5,896,000 in the year ended 31 December 2017.

Results of discontinued operation

Loss from discontinued operation for the year ended 31 December 2017 amounted to HK$3,000, which represents the results of Riche Video for the period from 1 January 2017 to 17 February 2017, being the date on which Riche Video ceased to be a subsidiary of the Company.

Liquidity and financial resources

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$3,266,389,000 at 31 December 2017 to HK$2,655,704,000 at 31 December 2018.

At 31 December 2018, the cash and cash equivalents of the Group amounted to HK$140,628,000 (2017: HK$225,010,000).

At 31 December 2018, the Group had outstanding borrowings of HK$706,812,000 (2017: HK$950,852,000) representing:

(a) the carrying amount of the Secured Notes of HK$299,611,000, which are interest bearing at 8.00% per annum, secured by a share charge over 100% issued shares in China Jiuhao Health Industry Group Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (i) the rights to construct and operate the club facilities of a membership golf club and resort (the "**Club**") in Beijing, Mainland China, and (ii) the rights to develop and operate a piece of 580 Chinese acre land (the "**Subject Land**") adjacent to the Club and the rights to manage the properties erected on the Subject Land, and maturing on 25 August 2020;

(b) the banking facilities in the aggregate principal amount of HK$157,201,000 granted by a bank, comprising (i) an instalment loan of HK$122,152,000, which is interest bearing at 1.00% per annum over one-month HIBOR or 3.00% per annum below the prime rate quoted by the bank, whichever is lower, secured by a first legal charge over the Group's properties located at Unit Nos. 1201, 1202, 1203, 1209, 1210, 1211 & 1212 and the corridor on 12th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "**Shun Tak Property**"), guaranteed by the Company and two wholly-owned subsidiaries of the Company, and maturing on 18 September 2037; (ii) an advance of HK$20,000,000 under a revolving term loan, which is interest bearing at HIBOR plus 2.00% per annum, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing on 22 April 2019; and (iii) various advances in the aggregate principal amount of HK$15,049,000 under the account payable financing facilities, which is interest bearing at 2.00% per annum over HIBOR, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing in January, February, March, April, and May 2019;

(c) a loan of HK$200,000,000 granted by a finance company, which is interest bearing at 8.00% per annum, secured by (i) seven post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director of the Company, and maturing on 30 May 2019; and

(d) a cash advance of HK$50,000,000 made by Mr. Lei Hong Wai to the Group for financing its short-term funding needs. The cash advance is non-interest bearing, unsecured, and repayable on demand.

The decrease in the Group's outstanding borrowings was mainly attributable to the release of the Renminbi bank loan with an outstanding principal amount of RMB166,201,000 (equivalent to HK$198,826,000) at 31 December 2017 through the disposal of Best Volume in June 2018.

Gearing ratio

At 31 December 2018, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 27% (2017: 29%).

Net current assets and current ratio

At 31 December 2018, the Group's net current assets and current ratio were HK$783,497,000 (2017: HK$834,571,000) and 2.19 (2017: 1.84) respectively.

Capital structure

During the year ended 31 December 2018, there was no change in the Company's capital structure.

Material acquisition

On 29 June 2018, the Group acquired 1,020,000,000 shares in Global Mastermind at a consideration of HK$153,000,000. The acquisition constituted a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Exchange (the "**Listing Rules**") and was only subject to the announcement requirement of the Listing Rules. Prior to the acquisition, the Group already held 217,750,000 shares in Global Mastermind, which were accounted for as financial assets at FVTPL for financial reporting purposes. Upon completion of the acquisition, the Group holds 1,237,750,000 shares in Global Mastermind and is interested in 29.04% of the issued share capital of Global Mastermind. As such, Global Mastermind is treated as an associate in accordance with HKAS 28 *Investments in Associates and Joint Ventures* for financial reporting purposes.

Material disposal

On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume at the consideration of HK$405,000,000 and recognised the loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the Guangzhou Property. The disposal constituted a major transaction of the Company under the Listing Rules and was approved by the shareholders at the Company's special general meeting held on 27 February 2018. Upon completion of the disposal, Best Volume ceased to be a subsidiary of the Company.

Pledge of assets

At 31 December 2018, the following Group's assets were pledged:

(a) the Shun Tak Property with a carrying amount of HK$402,177,000 (2017: HK$394,330,000), of which HK$226,577,000 (2017: HK$160,330,000) is classified under "property, plant and equipment" and HK$175,600,000 (2017: HK$234,000,000) is classified under "investment properties", for securing the banking facilities granted to the Group; and

(b) the 100% issued shares in China Jiuhao Health Industry Group Limited with an unaudited combined net assets of HK$1,101,487,000 (2017: HK$1,338,524,000) after adjusting for purchase price allocation for securing the Secured Notes.

Material commitments

At 31 December 2018, the Group had a total commitment of HK$25,283,000 (2017: HK$40,292,000) relating to the development costs of the Subject Land, which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cash flow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the year ended 31 December 2018, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 31 December 2018, the Group had no material contingent liabilities.

Employees and remuneration policy

At 31 December 2018, the headcount of the Group was 96 (2017: 87). Staff costs (including directors' emoluments) for the year ended 31 December 2018 amounted to HK$82,959,000 (2017: HK$69,895,000). The increase in staff costs was mainly attributable to an increase in directors' emoluments and the full year effect of the staff costs resulted from the increased operating activities in Beijing, Mainland China since the third quarter of 2017. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Key performance indicators

The Company has defined the following key performance indicators ("**KPIs**") which are closely aligned with the performance of the Group.

		For the year ended 31 December	
	Notes	**2018**	2017
Revenue		**HK$188,037,000**	HK$53,989,000
Loss for the year attributable to owners of the Company		**HK$586,090,000**	HK$195,545,000
Equity attributable to owners of the Company		**HK$2,655,704,000**	HK$3,266,389,000
Return on financial assets at FVTPL	*1*	**(41)%**	(16)%
Return on loan receivables	*2*	**9%**	9%
Return on capital employed in sale of jewelry products	*3*	**(16)%**	(7)%
Return on property investment	*4*	**3%**	5%

Notes:

1. Return on financial assets at FVTPL includes gains and losses arising on change in fair value, gains and losses on disposal, and dividend income. It is measured as a percentage against opening fair value of financial assets at FVTPL.

2. Return on loan receivables includes interest income and bad debt written-off. It is measured as a percentage against average loan receivables (before allowance for credit losses and excluding accrued interest receivables).

3. Return on capital employed in sale of jewelry products represents segment profit or loss from sale of jewelry products business divided by average capital employed and is measured as a percentage.

4. Return on property investment includes gains and losses arising on change in fair value, rental income, and gains and losses on disposal less amortisation of intangible assets in respect of the Club, depreciation expenses of the property, plant and equipment of the Club and operating lease rentals in respect of the Club. It is measured as a percentage against opening fair value of investment properties, opening carrying amounts of intangible assets in respect of the Club and opening carrying amounts of property, plant and equipment of the Club.

Commentary on the performance of the Group against each of the KPIs is set out above and "Operations Review" below.

These KPIs are reviewed regularly and amended occasionally to correspond with the changing mix of the Group's principal activities.

Operations Review

Sale of financial assets business

During the year, the Group's sale of financial assets business reported a segment loss (before taxation) of HK$289,126,000, which mainly included (i) a gain of HK$6,698,000 from trading of Hong Kong listed equities, (ii) a loss of HK$296,211,000 arising on change in fair value of financial assets at FVTPL, and (iii) the dividend income from Hong Kong listed equities held by the Group of HK$661,000. The segment loss was due to a sharp drop in equity valuations in 2018, particularly in small and medium cap stocks, which resulted in a 220% increase in the loss on change in fair value of financial assets at FVTPL. Accordingly, return on financial assets at FVTPL deteriorated from (16)% for the year ended 31 December 2017 to (41)% for the year ended 31 December 2018.

During the year ended 31 December 2018, the Group acquired four Hong Kong listed equities with the aggregate acquisition costs of HK$34,730,000 and made a trading gain of HK$6,698,000 from selling three Hong Kong listed equities with the aggregate carrying amounts plus transactions costs of HK$84,348,000 at the aggregate sale proceeds of HK$91,046,000.

Movements in the carrying amount of Hong Kong listed equities held by the Group during the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
	HK$'000	*HK$'000*
Carrying amount at 1 January	**662,943**	544,442
Add: Acquisitions	**34,730**	304,722
Re-classification from available-for-sale financial assets	**—**	365,000
Gain arising on change in fair value upon transfer to interests in associates	**554**	—
Less: Disposals	**(84,111)**	(458,695)
Loss arising on change in fair value	**(296,765)**	(92,526)
Transfer to interests in associates	**(30,049)**	—
Carrying amount at 31 December	**287,302**	662,943

Details of the Hong Kong listed equities held by the Group at 31 December 2018 are as follows:

Name of Hong Kong listed equities	*Notes*	**Number of shares held at 31 December 2018**	**Fair value at 31 December 2018** *HK$'000*	**Fair value as compared to the consolidated total assets of the Group at 31 December 2018**	**Dividend received in the year ended 31 December 2018** *HK$'000*	**Gain/(loss) arising on change in fair value recognised in the year ended 31 December 2018** *HK$'000*
Affluent Partners Holdings Ltd. (stock code: 1466)	*1*	59,200,000	68,672	1.73%	—	(4,527)
Brockman Mining Ltd. (stock code: 159)	*2*	40,220,000	7,240	0.18%	—	2,695
CBK Holdings Ltd. (stock code: 8428)	*3*	21,720,000	4,344	0.11%	—	1,390
China Healthcare Enterprise Group Ltd. (stock code: 1143)	*4*	30,000,000	2,040	0.05%	—	(6,660)
China Healthwise Holdings Ltd. (stock code: 348)	*5*	708,396,000	43,212	1.09%	—	(7,792)
Frontier Services Group Ltd. (stock code: 500)	*6*	21,340,000	26,462	0.67%	—	(4,436)
Hsin Chong Group Holdings Ltd. (stock code: 404)	*7*	90,000,000	—	—	—	—
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	*8*	200,000,000	38,800	0.98%	—	(32,200)
Kingston Financial Group Ltd. (stock code: 1031)	*9*	33,028,000	61,432	1.55%	661	(186,278)
KuangChi Science Ltd. (stock code: 439)	*10*	23,000,000	11,500	0.29%	—	(45,540)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	*11*	53,500,000	10,539	0.27%	—	(9,256)
Sincere Watch (Hong Kong) Ltd. (stock code: 444)	*12*	55,000,000	4,785	0.12%	—	(1,705)
Town Health International Medical Group Ltd. (stock code: 3886)	*13*	70,000,000	6,211	0.16%	—	(2,889)
Yunfeng Financial Group Ltd. (stock code: 376)	*14*	444,000	2,065	0.05%	—	433
			287,302		661	(296,765)

Notes:

1. Affluent Partners Holdings Ltd. ("**Affluent Partners**") and its subsidiaries are principally engaged in (i) purchasing, processing, designing, production and wholesale distribution of pearls and jewellery products, and (ii) the operation of strategic investment and financial services segment, with the objective to include investments in real estate agency business, real estate investment, and other potential investment opportunities.

   Based on its published financial information, the group had net assets of HK$236,508,000 and HK$217,179,000 at 31 March 2018 and 30 September 2018 respectively. The group recorded a loss attributable to owners of Affluent Partners of HK$129,787,000 and HK$14,796,000 for the year ended 31 March 2018 and the six months ended 30 September 2018 respectively.

   As disclosed in its 2018 interim report, with gradual expansion in real estate investment business, Affluent Partners' targets are the United Kingdom and the countries along "Eurasia". Affluent Partners anticipates such investments and its strategic investment and financial services business will diversify its income streams, and generate additional investment returns on its available funds from time to time. Affluent Partners expects that the real estate investment business will be its growth driver and will actively make continuous efforts to find appropriate investment projects in the future. Affluent Partners will continue enhancing the development of the mature pearls and jewellery business, actively participating in various important jewellery & gem fairs around the world and optimising operation efficiency and productivity in a bid to stay competitive. With the memorandum of understanding dated 4 October 2018 relating to the formation of a joint venture for the acquisition and development properties across the United Kingdom especially in the student housing, serviced apartments and built to rent sectors, the collaboration agreement dated 26 October 2018 relating to setting up one or more REITs, and the development of its existing strategic investment and financial services business, Affluent Partners will focus its investments and operations more in the real estate and investment and asset management sectors especially in Europe and Asia.

2. Brockman Mining Ltd. ("**Brockman Mining**") and its subsidiaries are principally engaged in the development and exploration of iron ore mining projects in Australia.

   Based on its published financial information, the group had net assets of HK$584,725,000 and HK$549,486,000 at 30 June 2018 and 31 December 2018 respectively. The group recorded a profit attributable to owners of Brockman Mining of HK$108,086,000 for the year ended 30 June 2018 and a loss attributable to owners of Brockman Mining of HK$12,245,000 for the six months ended 31 December 2018.

   According to its latest interim results announcement, Brockman Mining entered into a Farm-in Joint Venture Agreement (the "**FJV Agreement**") with Polaris Metals Pty Ltd. ("**Polaris**"), a wholly owned subsidiary of Mineral Resources Limited ("**MRL**"), on 26 July 2018 for the development of its flagship Marillana Iron Ore Project located in Pilbara region of Western Australia. Under the terms of the FJV Agreement, Polaris will earn a 50% interest in the Marillana Iron Ore Project and MRL will be responsible for development of the mine, construction and operation of the processing plant for an estimated minimum production rate of 20 million tonnes per annum of high quality Marillana product. The funding for the mine development, which is estimated to be a maximum of A$300 million, will be shared by the joint venture. Under the terms of the FJV Agreement, MRL will use its best endeavours to secure debt funding for Brockman Mining's A$150 million contribution. The capital cost for the process plant construction will be borne entirely by MRL, in return for a service fee to be paid by the joint venture based on production volumes. MRL has also committed to the construction and operation of rail and port infrastructure, which consists of a 320km long light railway connecting Marillana to a port at South West Creek in the Port Hedland inner harbour. It is expected that construction of this railway and port will commence before the end of 2019 and be operational by the end of 2021. The processing plant is scheduled to commence operations concurrently with the railway. The establishment of the joint venture will unlock the value of the Marillana Iron Ore Project and may assist in the future development of its group's other iron ore assets in the Pilbara Region. Brockman Mining is looking forward to working with MRL, an established Australian mining services and processing company. The proven capability of MRL in constructing and operating process plants in the Pilbara region will de-risk the development of the Marillana Iron Ore Project.

3. CBK Holdings Ltd. ("**CBK Holdings**") and its subsidiaries are principally engaged in provision of catering services in Hong Kong.

   Based on its published financial information, the group had net assets of HK$81,008,000 and HK$74,296,000 at 31 March 2018 and 30 September 2018 respectively. The group recorded a loss attributable to owners of CBK Holdings of HK$9,746,000 and HK$6,712,000 for the year ended 31 March 2018 and the six months ended 30 September 2018 respectively.

   According to its 2018 interim report, CBK Holdings will continue with its prudent site selection strategy to expand its network of hotpot restaurants. CBK Holdings will also continue to conduct feasibility studies on refining its existing brands and launching of new brands to meet growing customer expectations on dining experience. CBK Holdings is exploring the commercial viability of extending its business hours. CBK Holdings has introduced such measure in one of its restaurants, which offers special discounts for customers who come for "happy hour" hotpot or "late night" hotpot at the restaurant. Recruiting and retaining talent for improving on overall operational efficiency is one of CBK Holdings' priorities in the financial year of 2018. Based on its success in the past, CBK Holdings remains optimistic about its future development. CBK Holdings intends to cautiously execute its development plan as set forth in its prospectus dated 27 January 2017 for the purpose of bringing a desirable return to its shareholders and facilitating the long-term growth of its business.

4. China Healthcare Enterprise Group Ltd. ("**China Healthcare**") and its subsidiaries are principally engaged in (i) electronic manufacturing services, (ii) marketing and distribution of communications products, (iii) trading and selling of medical equipment, and (iv) securities and other assets investments.

   Based on its published financial information, the group had net assets of HK$654,002,000 and HK$586,812,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of China Healthcare of HK$128,428,000 and HK$52,282,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

   According to its interim results announcement for the six months ended 30 June 2018, despite uncertainties arising from the trade tensions between the United States of America and Mainland China, the electronic manufacturing services business of China Healthcare has thus far been unaffected by the trade disputes, and it has already received reasonable level of orders from customers for the upcoming half year of 2018. China Healthcare will nonetheless monitor market developments closely, including the fluctuation of Renminbi and the rise in component costs. In respect of the latter, China Healthcare has taken necessary action, which, besides seeking alternative suppliers, China Healthcare will transfer the cost increase to its clients going forward. Furthermore, China Healthcare will continue to develop new products, particularly Wi-Fi and Bluetooth enabled smart-home appliances to facilitate long-term development of its electronic manufacturing services business. With reference to its securities and other assets investment operation, China Healthcare remains committed to tapping the healthcare market of Mainland China, which has been the fastest growing market among all large emerging economies, increasing by over four-fold in the ten-year span of 2006 to 2016, or from RMB1,096.6 billion to RMB4,634.5 billion respectively. Despite such phenomenal growth, healthcare spending per capita is only at approximately 6% of Mainland China's Gross Domestic Product. The healthcare market therefore possesses tremendous room for further growth, and China Healthcare will make the necessary investments and establish relevant ties to expedite its development in this burgeoning segment. While downside risk has increased significantly, China Healthcare trusts that efforts undertaken to bolster its key business operations, including those for raising its competitiveness in the future, will stand China Healthcare in good stead regardless of what economic scenario eventually materialised. That being said, China Healthcare will manage operations with utmost prudence, fully mindful of the interests of its shareholders.

5. China Healthwise Holdings Ltd. ("**China Healthwise**") and its subsidiaries are principally engaged in development, engineering, manufacturing and sale of toys, consumer electronic products, sales of Chinese health products, money lending, and investment in financial instruments.

Based on its published financial information, the group had net assets of HK$274,150,000 and HK$405,489,000 at 31 March 2018 and 30 September 2018 respectively. The group recorded a loss attributable to owners of China Healthwise of HK$186,103,000 and HK$39,099,000 for the year ended 31 March 2018 and the six months ended 30 September 2018 respectively.

As disclosed in its 2018/2019 interim report, China Healthwise will continue the multi-brand and multi-product strategy and the strict cost control for its childcare products business for coping with the challenge from strong competition and the United States and Mainland China trade war. Despite the encouraging and positive responses on its new toy products at the New York and Hong Kong toy fairs in early 2018, further capital investments for product development, engineering, new product moulds plus additional marketing and promotion costs for new products will continuously affect the profitability of China Healthwise's OBM toy business. The recent liquidation of a major toy retail chain stores in the United States and worldwide has minor impact on the sales of China Healthwise's OBM toy business as management has continued to reduce price and margin plus diverted its markets in North America towards clubs, supermarkets and internet sales over the last couple of years. With the right products at competitive prices, management expects these retail channels to continue contributing to the sales of its OBM toy business for the reminder of financial year of 2018/2019. China Healthwise expects the increasing tourists to Hong Kong to have a positive future impact on the retail market of Hong Kong and the performance of its Chinese healthcare products business. China Healthwise will continue to invest in the health care business and to develop its retail business of "Sum Yung"（參茸）and dried seafood products in Hong Kong with an aim to broaden its revenue base. Despite certain uncertainties in the global economy such as interest hike and the tightening of the United States and Mainland China relationship, the demand for China Healthwise's money lending business remained strong during the six months ended 30 September 2018. China Healthwise will continue to develop its money lending business cautiously by strengthening its credit policy and risk control policy. With an aim to achieve the best use of its resources and improve its overall performance, China Healthwise has continuously evaluated its investment in financial instruments.

6. Frontier Services Group Ltd. ("**Frontier Services**") and its subsidiaries are principally engaged in the provision of aviation and logistics services, the provision of online financial market information, and other direct investments.

Based on its published financial information, the group had net assets of HK$1,191,521,000 at 31 December 2018. The group recorded a loss attributable to owners of Frontier Services of HK$258,846,000 for the year ended 31 December 2018.

According to its annual results announcement for the year ended 31 December 2018, 2018 was a fruitful year for Frontier Services. Frontier Services has built up a solid foundation for growth in businesses in 2019 and onwards by opening up of new presences and markets along the Belt and Road regions. During the second half of 2018, Frontier Services had put additional effort in exploring opportunities on infrastructure business. It is expected that Frontier Services will take part in one or two infrastructure projects in 2019 in order to diversify its business segments. In 2019, Frontier Services plans to provide infrastructure project solutions encompassing planning and management, financing, construction and logistics, helping its customers to manage the entire project value chain focusing on transportation corridors, energy and logistics networks as well as social housing projects in Africa and South East Asia, echoing China's Belt and Road initiative. Frontier Services also intends to take part in these projects through equity investment. Infrastructure business segment will be established to support Frontier Services' capabilities to take advantage of these large projects and maximise synergies. Frontier Services has specifically identified certain countries along the Belt and Road, namely Laos, Myanmar, Cambodia and the Democratic of Republic of Congo for its business development. On business segments, security, logistic and insurance are still the key drivers for growth. Frontier Services would like to take advantage of those infrastructure projects in order to stimulate the growth in revenue and profitability of these three business streams. Although the global economy remains highly volatile, Frontier Services remains positive towards 2019 because a strong and solid foundation has been formed. At the same time, Frontier Services will continuously implement various cost reduction measures to enhance its overall operational efficiency. Frontier Services has the belief that its focus on the Belt and Road Initiative and its uniqueness in terms business modeling and shareholding structure would still be its competitive strength to support its long-term strategic growth.

7. Hsin Chong Group Holdings Ltd. ("**Hsin Chong**") and its subsidiaries are principally engaged in building construction, civil engineering, electrical and mechanical installation, and property development and investment.

   Based on its published financial information, the group had net assets of HK$11,704,986,000 and HK$10,876,205,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Hsin Chong of HK$774,382,000 and HK$704,973,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

   According to its 2018 interim report, Hsin Chong's financial situation had been restraining its ability to obtain new projects since the beginning of 2018, which resulted in a decrease in the turnover of its construction business. This, in turn, caused a reduction in its cashflow and an increase in its financing cost. Hsin Chong had pursued strategic measures, including but not limited to disposal of its assets and refinancing of its current facilities to restore its cashflow and liquidity. During such restoration period, Hsin Chong noticed and foresaw that (i) the operating progress of various projects might be affected, (ii) the short-term financing cost might increase, (iii) new tenders would be restricted until the cashflow and liquidity of Hsin Chong restored, and (iv) key staffs turnover might increase. Hsin Chong was currently in discussions with Poly Property Group Co., Limited (stock code: 119), which had expressed an interest in investing in its equity securities.

Trading in the shares of Hsin Chong has been suspended since 3 April 2017. The price of Hsin Chong's shares closed at HK$0.35 per share on 31 March 2017, being the last trading day prior to the suspension of trading of the shares at 9:00 a.m. on 3 April 2017. In view of the existence of material uncertainties which may cast significant doubt about Hsin Chong's ability to continue as a going concern, the entire fair value of the shares in Hsin Chong held by the Group of HK$31,500,000 at 31 March 2017 was fully impaired for prudence sake.

On 31 July 2018, Hsin Chong issued an announcement relating to the transitional arrangements for the amendments to the delisting framework under the Listing Rules. According to the announcement, if Hsin Chong fails to fulfill all the conditions for resumption of trading of its shares to the satisfaction of the Exchange and resume trading in its shares by 31 July 2019, the Listing Department of the Exchange will recommend the Listing Committee of the Exchange to proceed with the cancellation of Hsin Chong's listing. This is subject to the Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate.

On 22 February 2019, Hsin Chong issued an announcement giving an update on its resumption progress and current status. As stated in the announcement, Hsin Chong is in the course of formulating and yet to finalise a resumption proposal. Hsin Chong has not paid the amounts outstanding under the USD300 million 8.75% senior notes due 2018 and the USD150 million 8.50% senior notes due 2019. The Bermuda Court made the orders as sought in the winding up petition filed by a creditor of Hsin Chong against Hsin Chong on 17 January 2019, and the new joint provisional liquidators were appointed on 19 February 2019. The joint and several receivers and managers of three subsidiaries were appointed by another creditor of Hsin Chong on 20 December 2018. The entire issued shares of Hsin Chong Construction (BVI) Ltd., being one of the three subsidiaries, were transferred to one of the joint and several receivers and managers (as nominee and trustee for the creditor) on 21 January 2019. Hsin Chong Construction (BVI) Ltd. was placed into liquidation on 24 January 2019 and the joint liquidators of Hsin Chong Construction (BVI) Ltd. were appointed on 24 January 2019.

On 25 March 2019, Hsin Chong issued an announcement stating it received a letter from the Exchange on 21 March 2019, in which the Exchange stated they require Hsin Chong, as an additional resumption guidance, to (i) have the winding up petitions against Hsin Chong withdrawn or dismissed and the provisional liquidators discharged; and (ii) publish all outstanding financial results and address any audit modifications.

8. Huayi Tencent Entertainment Company Ltd. ("**Huayi Tencent**") and its subsidiaries are principally engaged in (i) entertainment and media business, and (ii) provision of offline healthcare and wellness services.

Based on its published financial information, the group had net assets of HK$868,792,000 at 31 December 2018. The group recorded a profit attributable to owners of Huayi Tencent of HK$73,737,000 for the year ended 31 December 2018.

According to its annual results announcement for the year ended 31 December 2018, the future of Chinese film industry looks bright as the Chinese are now more willing to spend on films and entertainment. According to a public research on global entertainment and media outlook for 2018 to 2022, it is expected that Mainland China will continue its astonishing pace of cinema construction between 2018 and 2022, and by 2022 the number of cinema screens in Mainland China will be nearly double in number of that the United States currently has. As the Korean films and television dramas are receiving a lot of attention and enjoying a broad and stable base of audience, Huayi Tencent is confident of the performance of HB Entertainment Co., Ltd., a 31% owned associate of Huayi Tencent, and Huayi-Warner Contents Fund, a limited partnership established by Huayi Tencent, Warner Bros. Korea Inc. et la for investing in film projects, in the long run. Apart from the collaboration with HB Entertainment Co., Ltd. and Warner Bros Korea Inc., Huayi Tencent is also actively working along with Korean producers and looking for further opportunities and advancements so as to increase its revenue. As the Chinese film and entertainment industry is approaching the stage of a more diversified development, Huayi Tencent is determined to, through the knowledge and backing of its controlling shareholders Huayi Brothers International Limited and Tencent Holdings Limited, continue its global development and invest in quality movie projects, as well as to look for opportunities of collaboration with well-established and internationally-renowned film studios. In the future, Huayi Tencent will also keep a close eye on investment opportunities in the pan-entertainment industry (such as the gaming, eSports and music), with a view to reinforcing its deployment in the cultural and entertainment industry. The healthcare and wellness business is expected to generate stable revenue for Huayi Tencent in the future.

9. Kingston Financial Group Ltd. ("**Kingston Financial**") and its subsidiaries are principally engaged in the provision of a wide range of financial services which include securities brokerage, underwriting and placements, margin and initial public offering financing, corporate finance advisory services, futures brokerage and asset management services. The group also provides gaming and hospitality services in Macau.

   Based on its published financial information, the group had net assets of HK$20,639,360,000 and HK$20,915,889,000 at 31 March 2018 and 30 September 2018 respectively. The group recorded a profit attributable to owners of Kingston Financial of HK$1,348,626,000 and HK$592,157,000 for the year ended 31 March 2018 and the six months ended 30 September 2018 respectively.

   As disclosed in its 2018 interim report, the investment sentiment is expected to recover upon the positive progress of the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("**GBA**"), which will offer ample opportunities for financial services industry. The Stock and Bond Connect schemes between the Mainland China and Hong Kong continues to fuel the growth by means of increasing number of international and Mainland Chinese investors trading securities and bonds across different markets. The expansion of the daily quota of Stock Connect and the inclusion of A shares in the MSCI indexes may also enhance the attractiveness of the Mainland and Hong Kong stock markets. Moreover, the anticipated lowering of required reserve ratios by the People's Bank of China would stimulate positive market sentiment and bring in positive impact to the financial markets. Looking forward, Kingston Financial will adopt a responsive approach, to prudently deploy and implement expansion plans that are in line with the market situation in Hong Kong and the Mainland China. With its strong visibility across the region, Kingston Financial is well-poised to grasp the opportunities arising from the existing mature Hong Kong market, as well as the emerging capital market in the GBA. With the opening of the Hong Kong-Zhuhai-Macao Bridge, Kingston Financial expects the Macau gaming and tourism market to maintain a positive development prospect. Kingston Financial will continue to drive the revenue growth of its hotel and gaming segments in the region.

10. KuangChi Science Ltd. ("**KuangChi Science**") and its subsidiaries are principally engaged in the research and development and manufacture of innovative products for future technology businesses, and the provision of other innovative technology service solutions.

    Based on its published financial information, the group had net assets of HK$2,534,049,000 and HK$1,980,327,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a profit attributable to owners of KuangChi Science of HK$66,051,000 for the year ended 31 December 2017 and a loss attributable to owners of KuangChi Science of HK$162,867,000 for the six months ended 30 June 2018.

According to its interim results announcement for the six months ended 30 June 2018, KuangChi Science is committed to building future smart cities by developing and integrating different future technologies, including "future artificial intelligence (AI)" technology and "future space" technology. In "future AI" technology business, KuangChi Science has developed the "Super Intelligent System" in response to the demand for urban security and management. With the integration of various smart surveillance devices, it makes the "Super Intelligent System" possible for active detection, prevention, early warning and forecasting of crimes. During the six months ended 30 June 2018, "Super Intelligent System" was piloted by public security authorities in Shanghai, Mainland China. It is expected that "Super Intelligent System" will be fully operational in the third quarter of 2018, helping Shanghai to become the world's first all-intelligent security and defense region. KuangChi Science believes that the "Super Intelligent System" is in a boundless market with a focus on comprehensive management. With the successful application of the "Super Intelligent System" in the area of security and the accumulation of quality big data, KuangChi Science will gradually further develop in various vertical industries including comprehensive management and security market as well as smart city operation and services, and promote the "Super Intelligent System" as the standard smart city infrastructure in the future. In "future space" technology business, KuangChi Science is committed to the application of its intergenerational flight and float platform solutions in commercial use, such as urban safety, emergency and environmental protection. Discussions regarding cooperation on the "SkyX" project, the development of unmanned aerial vehicle for inspection of pipelines of energy facilities, are being conducted with a number of potential clients from South Africa, Mexico, Argentina, Nigeria, and the United States of America. To strengthen its core competitiveness, KuangChi Science brought in 112 experts of high and new technology from around the world in the six months ended 30 June 2018.

11. Lajin Entertainment Network Group Ltd. ("**Lajin Entertainment**") and its subsidiaries are principally engaged in the business of investment and production of movie and media contents, and the provision of artist management services.

    Based on its published financial information, the group had net assets of HK$899,671,000 and HK$794,502,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Lajin Entertainment of HK$79,853,000 and HK$95,536,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

    As disclosed in Lajin Entertainment's 2018 interim report, there are six productions expected to be screened in late 2018 or 2019. In addition, "Legend of the Galactic Heroes"(銀河英雄傳説) and "The Tibet Code"(藏地密碼) are big-budget productions and the main focus of Lajin Entertainment's investment in the coming two to three years. Lajin Entertainment will provide full support and plan to release these productions in and after 2020. For its artist management, Lajin Entertainment will strive to secure more commercial advertisement jobs for its artists and leverage on the facilities available in its production base in Beijing, Mainland China to provide them with necessary trainings and shooting/production environment, enabling these future stars to shine. Lajin Entertainment has put enormous effort in building its Huo Miao Original Music Service Platform ("**Huo Miao Platform**"). Lajin Entertainment will increase marketing effort to promote and publicise Huo Miao Platform with an aim to gain publicity. Lajin Entertainment firmly believes in the originality of music and such brand new concept of tailor-made music production would prosper in the future. Lajin Entertainment will continue to promote its production base's competitive edge and strive to secure joint production agreements to enhance a stable source of income, as well as to ensure the maximum utilisation of its facilities.

12. Sincere Watch (Hong Kong) Ltd. ("**Sincere Watch**") and its subsidiaries are principally engaged in distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan, Korea and Mainland China, dining business, and property investment.

    Based on its published financial information, the group had net assets of HK$1,068,513,000 and HK$1,111,872,000 at 31 March 2018 and 30 September 2018 respectively. The group recorded a loss attributable to owners of Sincere Watch of HK$59,972,000 and HK$65,299,000 for the year ended 31 March 2018 and six months ended 30 September 2018 respectively.

    As disclosed in its 2018 interim report, Sincere Watch further expanded its property investment business in Mainland China through the acquisition of an investment property situated in a prime location in Beijing in April 2018. Apart from their potential for capital growth, the investment properties held by Sincere Watch are a source of stable rental income. Sincere Watch will continue its efforts in exploring appropriate investment opportunities in order to diversify its source of income. The watch distribution business of Sincere Watch is facing many challenges and Sincere Watch will continue to look for ways to enhance this business by establishing its distribution network throughout its key markets in Hong Kong, Macau, Taiwan, Korea, and Mainland China and undertaking a number of brand enhancement activities to reinforce the brand leadership.

13. Town Health International Medical Group Ltd. ("**Town Health**") and its subsidiaries are principally engaged in healthcare business in Hong Kong, which comprises managed care, medical and dental clinics operation and provision of beauty and cosmetic medical services, direct investment in healthcare sector, and investment in securities and properties. The group also provides hospital and clinic management services in Mainland China.

    Based on its published financial information, the group had net assets of HK$4,314,480,000 and HK$4,383,399,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Town Health of HK$107,745,000 for the year ended 31 December 2017 and a profit attributable to owners of Town Health of HK$57,627,000 for the six months ended 30 June 2018.

    As disclosed in its interim results announcement for the six months ended 30 June 2018, Town Health's business in Hong Kong will continue to maintain a stable growth. With the deepening of healthcare reforms in Mainland China, there will be increasing demand for high-end healthcare services in Mainland China. To grasp the blooming business opportunities, Town Health will leverage its healthcare management expertise to introduce high quality and more efficient Hong Kong-style healthcare service and operation models to Mainland China and strive to become the leading player in the healthcare industry. The further development of Nanshi Hospital will expand Town Health's income base. In addition, Town Health will focus on developing its community healthcare. Town Health's new comprehensive medical centre is located at the centre of Nanyang City and equipped with high-end sophisticated outpatient facilities to serve the needs of high-end customers. The centre is expected to become the most prestigious medical centre in that locality. Town Health expects that its high-end dental business in Mainland China will continue to grow in the second half of 2018. Town Health will proactively promote Invisalign orthodontic services, enhance its brand awareness, and continue to introduce its dental clinic services and Invisalign training services to Nanshi Hospital. Town Health will also actively develop the businesses of Nanyang Xiangrui Hospital Management Advisory Co. Ltd., a subsidiary of Town Health, covering marketing, medical equipment and consumables trading and property management services, in order to expand the services scope of its hospital management business. Meanwhile, Town Health will continue to strengthen its cooperation with China Life Insurance (Group) Company to develop integrated health management centres in Mainland China. Town Health will strive to develop a new collaborative business model between the insurance and healthcare services sectors. Focusing on preventive medicines and anti-aging services, the health management centre will provide comprehensive and holistic healthcare services to high-end customers of China Life Insurance (Group) Company.

On 27 November 2017, the Securities and Futures Commission (the "**SFC**") issued a direction under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules to suspend the trading in the shares of Town Health with effect from 9:00 a.m. on that date. Immediate prior to the suspension, the price of Town Health's shares closed at HK$0.69 per share on 24 November 2017.

On 11 July 2018, Town Health issued an announcement relating to the transitional arrangements for the amendments to the delisting framework under the Listing Rules. According to the announcement, if Town Health fails to resume trading in its shares by 31 January 2020, the Listing Department of the Exchange will recommend the Listing Committee of the Exchange to proceed with the cancellation of Town Health's listing. This is subject to the Exchange's right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules if appropriate.

On 31 January 2019, Town Health issued an announcement giving an update on its resumption progress. As stated in the announcement, the forensic investigation has been completed and reported to the independent board committee. As a result of recent communication with the SFC, the independent board committee has engaged the independent forensic accountant to conduct further inquiry and investigation into the matters and make recommendations to the board of directors accordingly. Town Health will monitor and assess the progress of such investigation. At this stage, Town Health is not able to provide a concrete timetable on the next steps in connection with the resumption.

Based on a valuation report prepared by an independent professional valuer appointed by the Group, the fair value of the shares in Town Health held by the Group was HK$6,211,000 at 31 December 2018.

14. Yunfeng Financial Group Ltd. ("**Yunfeng Financial**") and its subsidiaries are principally engaged in the provision of financial services, including securities brokerage, wealth management and investment, corporate finance consultancy, ESOP (Employee Stock Ownership Plan) administration, and investment research.

Based on its published financial information, the group had net assets of HK$4,139,332,000 and HK$3,947,469,000 at 31 December 2017 and 30 June 2018 respectively. The group recorded a loss attributable to owners of Yunfeng Financial of HK$379,054,000 and HK$186,279,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

According to its interim results announcement for the six months ended 30 June 2018, Yunfeng Financial's major sources of revenue includes subscription fees and management fees for products launched by it, platform fees for distribution of third-parties products, administration fee for employee stock ownership plan management services, brokerage commission income, and corporate advisory fee income in the first half of 2018. In addition, Yunfeng Financial generates other operating income and gains from its own general capital. Yunfeng Financial is still in the process of building its client base and scale of asset under management. In the second half of 2018, Yunfeng Financial will continue to push forward on the completion of the acquisition of an equity interest in MassMutual Asia Limited. The uncertainties in the global economy related to instances such as Sino-US trade war, and the Brexit are expected to adversely affect the market. Yunfeng Financial will remain flexible and adjust its strategy in light of market conditions.

The directors believe that the future performance of the Hong Kong listed equities held by the Group is largely affected by economic factors, investor sentiment, demand and supply balance of an investee company's shares and fundamentals of an investee company, such as investee company's news, business fundamentals and development, financial performance and future prospects. Accordingly, the directors closely monitor the above factors, particularly the fundamentals of each individual investee company in the Group's equity portfolio, and proactively adjust the Group's equity portfolio mix in order to improve its performance.

Money lending business

During the year, the Group's money lending business generated interest income on loans of HK$96,274,000, a 36% increase from HK$70,626,000 for the previous year. This increase was attributable to the increase in granting of new loans to customers during the year as compared to the previous year.

The average monthly outstanding balance of loan receivables (before allowance for credit losses and accrued interest receivables) increased from HK$790,754,000 in the year ended 31 December 2017 to HK$1,055,373,000 in the year ended 31 December 2018. During the year, the Group granted new loans in the aggregate principal amount of HK$1,072,000,000 to 13 customers. The Group's customers made drawings in the aggregate principal amount of HK$903,267,000 from the existing and new loans and repaid HK$915,570,000 to the Group.

At the end of the reporting period, the directors assessed the collectability of the Group's loan receivables. Although there was no objective evidence that the Group would not be able to collect its loan receivables, an allowance for credit losses on loan receivables of HK$17,547,000 was recognised based on a valuation prepared by an independent professional valuer. Such allowance for credit losses was made in accordance with the new impairment model of HKFRS 9 *Financial Instruments* and had no effect on the Group's cashflow. At 31 December 2018, the Group's loan receivables together with accrued interest receivables (before allowance for credit losses) amounted to HK$1,186,286,000 (2017: HK$1,200,630,000). Return on loan receivables for the year ended 31 December 2018 is 9%, which is same as the previous year.

Sale of jewelry products business

During the year, the Group's sale of jewelry products business generated revenue of HK$48,779,000, a 14% increase from HK$42,608,000 for the previous year, and reported a segment loss (before taxation) of HK$6,473,000, a 35% deterioration from HK$4,801,000 for the previous year. The deterioration was due to the Group's sale of jewelry products business was still at an early stage in developing overseas retail chain stores and wholesale market, where sales orders placed by customers were insufficient and costs were incurred substantially for business development.

In 2017, the Group refined its business strategy by targeting overseas retail chain stores and wholesale market in response to the sluggish market conditions. During the year, the Group has established business relationships with two wholesalers and one retail chain store in Europe through securing sales orders from them. As it was at an early stage, the sales orders from these three customers were not sizeable, but increased gradually. Despite the business relationships with three customers having been established, the Group has continued its efforts in expanding its customer base by participating in various trade fairs in Europe and Hong Kong. Significant moulding and production costs were incurred for producing product samples for business development. These two factors contributed the increase in loss incurred by the Group's sale of jewelry products business. In addition, an allowance for credit losses on trade receivables of HK$89,000 was recognised based on a valuation prepared by an independent professional valuer. Return on capital employed in sale of jewelry products for the year ended 31 December 2018 is (16)% (2017: (7)%).

At 31 December 2018, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK$33,222,000 (2017: HK$33,500,000) and the Group's sale of jewelry products business had undelivered sales orders amounting to HK$709,000 (2017: HK$1,000,000).

Property investment business

During the year, the Group's property investment business generated rental income of HK$36,286,000, an 18% decrease from HK$44,412,000 for the previous year, and recorded a segment loss (before taxation) of HK$279,788,000, whereas a profit of HK$10,552,000 was recorded in the previous year. The deterioration in segment results was due to (i) a HK$233,621,000 written-off of construction in progress as discussed below, (ii) the recognition of an allowance for credit losses of HK$21,285,000 on the Group's other receivables from Mainland China debtors, (iii) a HK$5,513,000 decrease in gain on change in fair value of investment properties, (iv) the increase in operating costs resulted from the increased operating activities in Beijing, Mainland China, and (v) the absence of contribution from the Guangzhou Property in the second half of 2018 following its disposal in June 2018. Of the total rental income, HK$21,263,000 was generated from the assets of the Club, HK$3,510,000 was generated from the investment portion of the Shun Tak Property, and HK$11,513,000 was generated from the Guangzhou Property. No rental income was generated from the Subject Land.

The development of the Subject Land was originally divided into three phases, in which the first phase involved erecting nine hotel villas, the second phase involved erecting hotel villas, and the third phase involved erecting a high-end hotel apartment complex with restaurants, multifunction room facilities and hotel apartment units. The first phase development of the Subject Land was completed. The gross floor area of the nine hotel villas erected on the first phase of the Subject Land amounts to 23,000 square metres.

In the third quarter of 2018, the directors decided to develop a new business, namely cultural business. In developing the new business, the directors decided to utilise the entire first phase of the Subject Land. To make way for developing the new business, seven of the nine hotel villas erected on the first phase of the Subject Land with a total gross floor area of 18,000 square metres were demolished for constructing an open garden square with an area of 60,000 square metres, whereas the remaining two hotel villas with a total gross floor area of 5,000 square metres are to be used as supporting facilities for the new business. As a result of demolishing the seven hotel villas, a HK$233,621,000 written-off of "construction in progress" classified under "property, plant and equipment" was recognised.

The gross floor area of the demolished seven hotel villas, being 18,000 square metres, was added into the second and third phases development of the Subject Land. The design development stage of the second and third phases development of the Subject Land has been completed. The second and third phases of the Subject Land will be developed into a complex with a five-star hotel, high-end serviced apartments, restaurants, exhibition and conference halls, recreational facilities, such as an indoor pool, a spacious spa and a fitness centre, and supporting facilities with a total gross floor area of 71,000 square metres. Applications have been made to the relevant governmental authorities for amending the previously approved development plan for the second and third phases of the Subject Land. Based on a rough estimation, the total development costs for the second and third phases of the Subject Land are RMB904,425,000 (equivalent to HK$1,032,211,000), which will be financed by the internal resources of the Group, income generated from the Group's property investment operations in Beijing, and external borrowings.

The Group is currently in discussion with a Mainland China wedding planner relating to a co-operative arrangement for the provision of the open garden square and the buildings erected on the Subject Land as venue for wedding ceremony. With the growing number of middle class in Mainland China and weddings being a serious affair in Chinese culture, weddings in Mainland China have now become a way for brides and grooms to impress their friends and peers. Accordingly, demand for wedding planning in Mainland China is on the rise. The directors believe that the co-operative arrangement not only provides a new source of income to the Group, but also increases the occupancy rate of hotel. If the co-operative arrangement is materialised, the open garden square together with the remaining two hotel villas erected on the first phase of the Subject Land will be utilised for holding wedding ceremony. Accordingly, the development of the new business is temporarily suspended pending for the outcome of the discussion. As at the date of this annual results announcement, the discussion is at a preliminary stage and no terms have been reached.

At the end of the reporting period, the directors performed impairment tests for the goodwill arising from the acquisition of Smart Title Limited and the intangible assets relating to (i) the rights to construct and operate the club facilities of the Club, and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land with reference to the two valuation reports prepared by an independent professional valuer. As the recoverable amount of the cash generating unit of the Group's property investment operations in Beijing exceeded its carrying amount, no impairment loss of goodwill was required. No impairment of intangible assets was also required as the recoverable amounts of intangible assets exceeded their carrying amounts.

In April 2018, the renovation of the Shun Tak Property was completed. Two and a half office units of the Shun Tak Property have been leased out and generated rental income of HK$3,510,000 in the year ended 31 December 2018. It was originally planned that three office units of the Shun Tak Property were used as the head office of the Company and the remaining four office units were leased out for rental income. In July 2018, the Group has changed the plan of the Shun Tak Property, in which four and a half office units are used as the head office and the remaining two and a half office units are leased out for rental income. Accordingly, one and a half office units of the Shun Tak Property with an aggregate carrying amount of HK$72,900,000 were transferred from "investment properties" to "property, plant and equipment" for financial reporting purposes in July 2018.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on the property valuation report prepared by the independent qualified valuer, the fair value of the investment property portion of the Shun Tak Property increased from HK$161,100,000 (excluding the investment properties with an aggregate amount of HK$72,900,000 transferred to "property, plant and equipment" in July 2018) at 31 December 2017 to HK$175,600,000 at 31 December 2018. Accordingly, a gain of HK$14,500,000 arising on change in fair value of investment properties was recognised.

On 22 June 2018, the Group disposed of the entire issued share capital of Best Volume at the consideration of HK$405,000,000 and recognised the loss on disposal of HK$10,993,000. The principal asset of Best Volume and its subsidiaries is the Guangzhou Property. The net proceeds from the disposal are intended to be used for the development of the Subject Land. Although the Group records a loss on the disposal, the directors consider that the disposal enables the Group to (i) largely reduce its reliance on obtaining external financing for developing the Subject Land, which correspondingly reduces its future finance costs, and (ii) strengthen its cash position as Best Volume and its subsidiaries have recorded a net cash outflow since the date of its acquisition. During the period from 1 January 2018 to 22 June 2018, the Guangzhou Property generated rental income of HK$11,513,000 and contributed a profit of HK$4,700,000 to the Group.

Return on property investment for the year ended 31 December 2018 is 3% (2017: 5%). The decrease in return was mainly attributable to the HK$233,621,000 written-off of construction in progress and the recognition of the allowance for credit losses of HK$21,285,000 as discussed above.

Investments in associates

On 9 August 2018, the Group disposed of its 49% equity interest in and the shareholder's loan of HK$7,393,000 (before accumulated impairment of HK$5,913,000) due by Spark Concept Group Limited ("**Spark Concept**") at a consideration of HK$3,000,000 and recorded a gain on disposal of HK$1,520,000. During the period from 1 January 2018 to 9 August 2018, Spark Concept and its subsidiaries reported a loss of HK$4,456,000 (year ended 31 December 2017: HK$195,000). The significant increase in loss was due to the written-off of fixed assets resulted from the closure of the high-end Japanese restaurant in Central. As the Group's share of post-acquisition losses equalled to its interests in Spark Concept, no further share of losses was recognised by the Group.

Elite Prosperous is an investment holding company and the principal asset of which is the term loan of US$10,000,000 (equivalent to HK$78,410,000) advanced to an unlisted investment holding company (the "**Holding Company**"). The principal subsidiaries of the Holding Company are engaged in (i) agency payment services, (ii) currency exchange services, and (iii) provision of online, mobile and cross-border payment services. During the year, no capitalisation issue of the preferred shares in the capital of the Holding Company to Elite Prosperous by way of conversion of the term loan of US$10,000,000 (equivalent to HK$78,410,000) was taken place as one of the conditions as set out in the instrument dated 7 September 2017 relating to the term loan had not been satisfied. Although the capitalisation issue has lapsed, Elite Prosperous still has the rights to participate in the payment and currency exchange services business by (i) converting the term loan into such number of preferred shares in the capital of the Holding Company as determined by the instrument pursuant to the conversion option granted under the instrument, or (ii) requiring the Holding Company to sell 645 preferred shares in the capital of one of its wholly-owned subsidiary, which is engaged in provision of online, mobile and cross-border payment services in Mainland China, to Elite Prosperous at US$10,000,000 (equivalent to HK$78,410,000) pursuant to the purchase option granted under the instrument. Elite Prosperous has not yet decided on whether to exercise the conversion option or the purchase option until the plan to list the Holding Company or its subsidiaries in a stock exchange being finalised. At the end of the reporting period, Elite Prosperous measured the term loan at fair value. Based on a valuation report prepared by an independent professional valuer, the fair value of the term loan increased from HK$77,167,000 at 31 December 2017 to HK$114,553,000 at 31 December 2018 and Elite Prosperous recognised a gain of HK$35,529,000 arising on change in fair value. During the year, Elite Prosperous reported a profit of HK$35,529,000 and the Group shared a profit of HK$17,410,000 from Elite Prosperous.

On 29 June 2018, the Group acquired 1,020,000,000 shares in Global Mastermind. Taking into account of the 217,750,000 shares in Global Mastermind which already held by the Group and had been accounted for as financial assets at FVTPL for financial reporting purposes, the Group holds 1,237,750,000 shares in Global Mastermind and is interested in 29.04% of the issued share capital of Global Mastermind upon completion of the acquisition. Global Mastermind is treated as an associate in accordance with HKAS 28 *Investments in Associates and Joint Ventures* for financial reporting purposes. Global Mastermind and its subsidiaries (the "**Global Mastermind Group**") are principally engaged in provision and operation of travel business, treasury management business, money lending business, and provision of securities and asset management services. The Global Mastermind Group has obtained licenses from the SFC to carry out businesses in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. Hong Kong is one of the most vibrant international financial centres in the world and financial services is one of the four pillars sectors of Hong Kong. The directors consider that the investment in Global Mastermind enables the Group to participate in the financial services sector in Hong Kong. On completion of the acquisition of the shares in Global Mastermind, the fair value of net assets acquired as of the acquisition date exceeded the fair value of the consideration transferred by HK$3,407,000. Accordingly, the Group recognised the gain on bargaining purchase of HK$3,407,000 in "share of results of associates". During the period from 30 June 2018 to 31 December 2018, the Global Mastermind Group reported a loss of HK$41,002,000 and the Group shared a loss of HK$11,907,000 from Global Mastermind. Global Mastermind reported an increase in loss in the second half of 2018, which was mainly due to (i) the recognition of an allowance on credit losses for trade and loan receivables in accordance with the new impairment model of HKFRS 9 *Financial Instruments*, (ii) the recognition of a net unrealised loss on securities investment, and (iii) the recognition of a loss on change in fair value of investment properties.

Future Prospects

The economic growth of Hong Kong is determined by the performance of the world's two largest economic: the United States and Mainland China. The directors believe that the key risks of 2019 are the outcome of trade negotiations between the United States and Mainland China and the slowdown in Mainland China's economic growth. As such, the directors expect the Hong Kong economy and the Hong Kong equity market remain uncertain and volatile in 2019. Accordingly, the directors will cautiously monitor Hong Kong equity market and adjust the Group's equity portfolio as and when appropriate in 2019.

In view of the key risks faced by the Hong Kong economy, the Group shall adopt a more cautious approach in selecting its customers in order to mitigate its credit risk. The directors expect the interest income on loans for 2019 will remain fairly stable.

Sales and marketing efforts have been taken in developing overseas retail chain stores and wholesale market in Europe and the United States, but time is needed to secure sales orders from customers. The directors expect that the performance of the Group's sale of jewelry products business will gradually improve in the coming years.

Despite the investment portion of the Shun Tak Property having been leased out since the second quarter of 2018, the directors expect that the performance of the Group's property investment business will show a decrease in 2019 as compared to 2018 due to the absence of contribution from the Guangzhou Property following its disposal in June 2018.

For the coming years, the directors will continue to cautiously monitor the business environment and strengthen the business foundation of the Group by focusing on its existing businesses. In addition, the directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue base.

Principal Risks and Uncertainties

A summary of the principal risks and uncertainties which may impact the Group's financial conditions, results of operations or future performance and how the Group to mitigate these risks is set out below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group's performance and future prospects.

Principal risks	*Description*	*Mitigating actions*
Strategic risk	Strategic risk is the risk that medium and long-term profitability and/or reputation of the Group could be adversely impacted by the failure either to identify or implement the correct strategy, or to react appropriately to changes in the business environment.	• Extensive investment management experience of the Board. • Regularly review on strategy and performance of each business unit. • Perform comprehensive due diligence on all potential acquisitions.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance through higher bad debts as a result of customers' inability to repay loans and lower asset values.	• Regularly review forward looking indicators to identify economic conditions.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Fully understand customers and carry out credit quality assessment on customers before granting loans. • Regularly monitor loans receivables and assess for their recoverability. • Limit credit risk exposure by granting loan to any single customer of not more than 8% of the consolidated total assets of the Group. • Make rental contracts with tenants with an appropriate credit history.

Principal risks	*Description*	*Mitigating actions*
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	• Regularly monitor liquidity and statement of financial position. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing only in securities listed on stock exchanges. • Ensure acceptable and appropriate finance in place, or believed to be available before committing investment projects.
Price risk	Price risk is the risk that changes in equity prices will affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates will affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.
People risk	People risk is the risk of loss of the services of any directors, senior management and other key personnel which could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages that ensure our ability to attract and retain the employees we need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job possible and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement any required changes. • Seek legal or other specialist advice as appropriate.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018, except for:

(a) code provision A.2.1 of the Code requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year, Mr. Lei Hong Wai has taken up the roles of the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Lei possesses essential leadership skills and has extensive experience in corporate management and business development. The Board is of the view that currently vesting the roles of the Chairman and the Chief Executive Officer in the same person provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies; and

(b) code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors of the Company are not appointed for a specific term, but are subject to retirement from office by rotation and re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every director shall be subject to retirement by rotation at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objective of this code provision.

COMPLIANCE WITH THE 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 of the Listing Rules for securities transactions by the directors of the Company. Having made specific enquiry, all directors confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018.

PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

REVIEW OF FINANCIAL INFORMATION

The audit committee has reviewed this annual results announcement and the annual report of the Company for the year ended 31 December 2018.

By Order of the Board
Eternity Investment Limited
Lei Hong Wai
Chairman

Hong Kong, 26 March 2019

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Lei Hong Wai, Mr. Cheung Kwok Wai Elton, Mr. Chan Kin Wah Billy and Mr. Cheung Kwok Fan; and three independent non-executive directors, namely, Mr. Wan Shing Chi, Mr. Ng Heung Yan and Mr. Wong Tak Chuen.