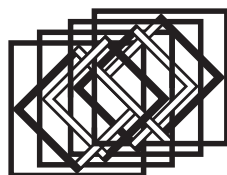


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PAK TAK INTERNATIONAL LIMITED

(百德國際有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Pak Tak International Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 together with the audited comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	<i>Note</i>	2019 HKD’000	2018 HKD’000 (Restated)
Continuing Operations			
Revenue	2	1,466,328	1,080,517
Other revenue	5	12,094	1,422
Other net (losses)/gains	5	(620)	1,499
Fair value gain on investment properties		7,953	5,113
Direct costs and operating expenses		(1,411,507)	(1,043,758)
Administrative expenses		(26,933)	(25,381)
Profit from operations		47,315	19,412
Finance costs	6(a)	(13,714)	(8,372)
Share of results of an associate		7,939	(4,045)

** for identification purpose only*

	<i>Note</i>	2019 <i>HKD'000</i>	2018 <i>HKD'000</i> (Restated)
Profit before taxation	6	41,540	6,995
Income tax expense	7	(10,059)	(3,946)
Profit from continuing operations		31,481	3,049
Discontinued operation			
Profit/(loss) for the year from discontinued operation		23,030	(12,103)
Profit/(loss) for the year		54,511	(9,054)
Attributable to equity shareholders of the Company:			
— from continuing operations		31,481	3,062
— from discontinued operation		23,030	(12,103)
		54,511	(9,041)
Attributable to non-controlling interests:			
— from continuing operations		—	(13)
— from discontinued operation		—	—
		—	(13)
		54,511	(9,054)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share	8		
From continuing and discontinued operation			
— Basic and diluted		1.88	(0.31)
From continuing operations			
— Basic and diluted (2018: Restated)		1.09	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Profit/(loss) for the year	54,511	(9,054)
Other comprehensive loss for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	(4,317)	(13,649)
— Share of associate's other comprehensive loss	—	(240)
Items that will not be reclassified subsequently to profit or loss:		
— Loss on fair value changes of financial assets at fair value through other comprehensive income, net of nil tax	(17,790)	(33,419)
Total comprehensive income/(loss) for the year	32,404	(56,362)
Attributable to:		
Equity shareholders of the Company	32,404	(56,349)
Non-controlling interests	—	(13)
	32,404	(56,362)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

		2019	2018
	<i>Note</i>	<i>HKD'000</i>	<i>HKD'000</i>
Non-current assets			
Property, plant and equipment		69,860	86,546
Investment properties	<i>11</i>	191,056	186,683
Investment in an associate	<i>12</i>	—	163,915
Financial assets at fair value through other comprehensive income	<i>13</i>	238,660	85,768
Finance lease receivables	<i>14</i>	44,327	19,969
		543,903	542,881
Current assets			
Inventories		1,961	38,571
Trade receivables	<i>15</i>	333,936	38,167
Loans receivables	<i>16</i>	14,995	45,115
Current portion of finance lease receivables	<i>14</i>	30,548	30,286
Other receivables, prepayments and deposits		41,493	34,533
Financial assets at fair value through profit or loss	<i>17</i>	243	210
Cash and cash equivalents		105,034	138,404
		528,210	325,286
Current liabilities			
Trade payables	<i>18</i>	65,301	26,336
Other payables and accrued charges		20,031	26,377
Contract liabilities		3,756	256
Bonds	<i>19</i>	189,572	97,764
Borrowings and overdraft	<i>20</i>	236,082	179,951
Tax payable		6,342	4,756
		521,084	335,440
Net current assets/(liabilities)		7,126	(10,154)
Total assets less current liabilities		551,029	532,727

		2019	2018
	<i>Note</i>	<i>HKD'000</i>	<i>HKD'000</i>
Non-current liabilities			
Borrowings	20	35,930	46,208
Deferred tax liabilities		20,638	14,243
Provision and other accrued charges		—	14,481
		<hr/>	<hr/>
		56,568	74,932
		<hr/>	<hr/>
NET ASSETS		494,461	457,795
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital		58,000	58,000
Reserves		436,459	399,793
		<hr/>	<hr/>
Equity attributable to equity shareholders of the Company		494,459	457,793
Non-controlling interests		2	2
		<hr/>	<hr/>
TOTAL EQUITY		494,461	457,795
		<hr/>	<hr/>

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountant (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, Leases, none of the developments may have a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“**short-term leases**”) and leases of low-value assets. The lessor accounting requirements brought forward from HKAS 17 are substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) *Lessee accounting and transactional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

To ease the transition to HKFRS 16, the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 <i>HKD'000</i>
Operating lease commitments at 31 December 2018	4,223
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(4,223)
	<hr/>
Total lease liabilities recognised at 1 January 2019	<hr/> <hr/>

There are no material impacts upon the initial adoption of HKFRS 16 on the Group's consolidated statement of financial position.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40 "Investment properties", to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) Lessor accounting

The Group leases out a number of items of machineries and motor vehicles as the lessor of finance leases. The accounting policies to the Group as a lessor remain substantially unchanged from those currently under HKAS 17.

The Group has not applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. REVENUE

Revenue represents the amounts received and receivable for goods sold, interest income from money lending business, finance lease income from leasing business, rental income from property investment business, gains on disposals of financial assets at fair value through profit or loss, consultancy fee income and handling fee income during the year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i> (Restated)
Sales of goods	1,433,446	1,045,592
Loan interest income	4,314	3,906
Finance lease income	8,460	7,421
Rental income	4,895	4,434
Gains on disposals of financial assets at fair value through profit or loss	—	7,825
Consultancy fee income	11,963	11,339
Handling fee income	3,250	—
	<u>1,466,328</u>	<u>1,080,517</u>

3. BUSINESS COMBINATIONS

Acquisition of a subsidiary accounted for as assets acquisition

On 5 November 2018, Golden Flourish Property Limited, a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, had completed the acquisition of 100% equity interest in Confield Worldwide Limited (“**Confield Worldwide**”) from an independent third party vendor at a cash consideration of HKD71,332,000. The directors of the Company were of the opinion that the acquisition of Confield Worldwide was in substance an asset acquisition instead of a business combination, as the net assets of the Confield Worldwide were mainly properties and its principal activity was investment in properties for rental income prior to the acquisition by the Group.

Net assets of Confield Worldwide acquired:

	<i>HKD'000</i>
Property	71,332
Prepayments and deposits	35
Accruals and other payables	(17)
Tax liabilities	(18)
	<hr/>
	71,332
	<hr/> <hr/>

An analysis of the cash flows in respect the acquisition is as follows:

	<i>HKD'000</i>
Consideration paid in cash and net cash outflow from acquisition of a subsidiary as assets acquisition	(71,332)
	<hr/> <hr/>

4. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

- (a) On 31 May 2019, the Group entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with a purchaser pursuant to which the Group has agreed to dispose of the entire equity interest in Mega Grade Holdings Limited and its subsidiaries (the “**Mega Grade Group**”) involving in manufacturing and trading of garments business for a cash consideration of RMB10,000 (equivalent to HKD11,364) to the purchaser (the “**Disposal**”). Completion of the Disposal under the Equity Transfer Agreement took place on 31 May 2019 on which date control of the Mega Grade Group was passed to the purchaser. After the completion of the Disposal, the Mega Grade Group ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Mega Grade Group are no longer consolidated in the condensed consolidated financial statements of the Group. Details of the Disposal was set out in the announcement of the Company dated 31 May 2019.

The results from the discontinued manufacturing and trading of garments for the current and preceding period/year are analysed below.

Results of discontinued operation

	Period from 1 January to 31 May 2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Revenue	62,743	278,304
Direct costs and operating expenses	(65,521)	(265,213)
Other revenue	1,315	2,979
Other net gains	259	4,374
Administrative expenses	(6,515)	(22,388)
Selling expenses	(1,279)	(7,313)
	<hr/>	<hr/>
Loss from operations	(8,998)	(9,257)
Finance costs	(1,092)	(2,245)
	<hr/>	<hr/>
Loss before taxation	(10,090)	(11,502)
Income tax expense	(2,764)	(601)
	<hr/>	<hr/>
Results from operating activities, net of tax	(12,854)	(12,103)
Gain on sales of discontinued operation	35,884	—
	<hr/>	<hr/>
Profit/(loss) from discontinued operation for the period/year, net of tax	23,030	(12,103)
	<hr/> <hr/>	<hr/> <hr/>

Disposal of subsidiaries

The net liabilities of those disposed subsidiaries at the date of disposal were as follows:

HKD'000

Net assets disposed of:	
Property, plant and equipment	10,694
Deferred tax assets	2,035
Inventories	46,910
Trade receivables	12,836
Other receivables, prepayments and deposits	12,412
Cash and cash equivalents	9,901
Trade payables	(14,178)
Other payables and accrued charges	(50,136)
Borrowings and overdraft	(56,755)
Provision and other accrued charges	(13,670)
	<hr/>
Net liabilities	(39,951)
	<hr/> <hr/>
Consideration received:	
Cash received	11
Less: net liabilities disposed of	39,951
Cumulative exchange gain in respect of the net assets of the disposed group reclassified from equity to profit or loss upon completion of the Disposal	(4,078)
	<hr/>
Gain on disposal of subsidiaries	35,884
	<hr/> <hr/>
Outflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	11
Cash and cash equivalents in subsidiaries disposed of	(9,901)
	<hr/>
Net cash outflows from disposal of subsidiaries	(9,890)
	<hr/> <hr/>

- (b) On 2 January 2019, the Group entered into a sale and purchase agreement with a purchaser to dispose of its entire interest in Ample Colour Investments Limited and its subsidiaries (the “**Ample Colour Group**”) at a cash consideration of HKD2,000,000 to the purchaser. The principal activities of Ample Colour Group are investment holdings and engaged in the provision of administrative service to the group companies. The disposal was completed on 2 January 2019. An analysis of the net assets of Ample Colour Group and its subsidiaries disposed of is as follows:

	<i>HKD'000</i>
Net assets disposed of:	
Property, plant and equipment	1,169
Other receivables, prepayments and deposits	34
Cash and cash equivalents	50
Other payables and accrued charges	(11)
	<hr/>
Net assets	1,242
	<hr/>
Consideration received:	
Cash received	2,000
Less: net assets disposed of	(1,242)
	<hr/>
Gain on disposal of subsidiaries	758
	<hr/> <hr/>
Inflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	2,000
Cash and cash equivalents in subsidiaries disposed of	(50)
	<hr/>
Net cash inflows from disposal of subsidiaries	1,950
	<hr/> <hr/>

5. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i> (Restated)
Other revenue		
Dividend income	10,279	821
Interest income	327	601
Interest income from supply chain financing arrangements	1,349	—
Handling fee income from supply chain financing arrangements	139	—
	<u>12,094</u>	<u>1,422</u>
Other net (losses)/gains		
Gain on disposal of assets classified as held for sale	—	1,560
Gain on disposal of subsidiaries	758	—
Loss on deemed disposal of an associate	(1,411)	—
Fair value changes of financial assets at fair value through profit or loss	33	(61)
	<u>(620)</u>	<u>1,499</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

	2019 <i>HKD'000</i>	2018 HKD'000 (Restated)
(a) Finance costs:		
Interest on bonds	7,548	2,192
Interest on borrowings and overdraft	3,658	4,416
Commission paid for issuance of bonds	2,236	1,764
Handling fee for issuance of bonds	272	—
	<u>13,714</u>	<u>8,372</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and allowances	13,145	9,913
Contributions to defined contribution retirement plans	1,146	963
Staff welfare and benefits	451	369
	<u>14,742</u>	<u>11,245</u>
(c) Other items:		
Auditors' remuneration	1,121	1,208
Cost of inventories sold	1,411,507	1,043,758
Depreciation on property, plant and equipment	2,108	1,096
Legal and professional fees	742	2,842
Net loss on disposals of property, plant and equipment	—	1,312
Operating lease charges: minimum lease payments		
— properties rentals	803	3,326
Expected credit loss allowance on receivables	1,756	—
	<u>1,756</u>	<u>—</u>

7. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i> (Restated)
Current tax		
— Hong Kong Profits Tax	150	1,290
— Under/(over)-provision in respect of prior years	16	(375)
— The PRC Enterprises Income Tax	7,901	2,920
	<u>8,067</u>	<u>3,835</u>
Deferred tax		
— Hong Kong	—	(1,296)
— The PRC	1,992	1,407
	<u>1,992</u>	<u>111</u>
Income tax expense	<u><u>10,059</u></u>	<u><u>3,946</u></u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (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 HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million 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 HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

Under the Law of the People’s Republic of China 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.

- (b) Reconciliation between the income tax expense and accounting profit at the applicable tax rates:

	2019 HKD'000	2018 HKD'000 (Restated)
Profit before taxation	41,540	6,995
Notional tax on profit before taxation, calculated at the rates applicable to profit in jurisdictions concerned	11,243	2,825
Tax effect of share of results of an associate	(1,310)	668
Tax effect of expenses not deductible for tax purposes	2,386	1,752
Tax effect of income not taxable	(1,690)	(758)
Tax effect of utilisation of tax losses previously not recognised	(442)	(710)
Tax effect of tax losses not recognised	—	6
Under/(over)-provision in prior years	16	(375)
Others	(144)	538
Actual tax expense	10,059	3,946

8. EARNINGS/(LOSS) PER SHARE

The diluted earnings/(loss) per share for the year ended 31 December 2019 and 31 December 2018 was same as the basic earnings/(loss) per share. The computation of diluted earnings/(loss) per share in 2018 does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares for the year ended 31 December 2018 and there is no impact on the diluted earnings/(loss) per share in 2018 as all the Company's warrants had expired on 27 August 2018.

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2019 HKD'000	2018 HKD'000 (Restated)
Earnings/(loss)		
Profit/(loss) attributable to equity shareholders of the Company		
— From continued operations	31,481	3,062
— From discontinued operation	23,030	(12,103)
	54,511	(9,041)
Number of shares	'000	'000
Weighted average number of ordinary shares in issue	2,900,000	2,900,000

Basic earnings/(loss) per share are the same as diluted earnings/(loss) per share as the Company has no dilutive potential shares.

9. SEGMENT REPORTING

The chief operating decision-maker (“**CODM**”) has been identified as the executive directors of the Company. The CODM reviews the Group’s internal reporting for purpose of allocating resources to, and assessing the performance of, the Group’s various businesses.

The Group is organised into business units based on their products and services and has six reportable operating segments under HKFRS 8 Operating Segments which were as follows:

- (i) Supply chain business;
- (ii) Leasing business;
- (iii) Property investment and consultancy;
- (iv) Money lending business;
- (v) Securities investment; and
- (vi) Manufacturing and trading of garment (discontinued)

After the disposal, the manufacturing and trading of garment was discontinued from 31 May 2019.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements. During the year, the Group renamed one of the segments, namely, general trading to supply chain business in order to reflect the nature of this segment more appropriately. There is no change in comparative figures as a result of the change in name of this segment.

(a) Operating segment

The following is an analysis of the Group's revenue and results by reportable segments:

Year ended 31 December 2019	Continuing operations					Discontinued operation		Total HKD '000
	Supply chain business HKD '000	Leasing business HKD '000	Property investment and consultancy HKD '000	Money lending business HKD '000	Securities investment HKD '000	Subtotal HKD '000	Manufacturing and trading of garment HKD '000	
Revenue from external customers	<u>1,445,409</u>	<u>8,460</u>	<u>4,895</u>	<u>7,564</u>	<u>—</u>	<u>1,466,328</u>	<u>62,743</u>	<u>1,529,071</u>
Segment result	<u>28,517</u>	<u>2,694</u>	<u>12,057</u>	<u>1,807</u>	<u>—</u>	<u>45,075</u>	<u>23,030</u>	<u>68,105</u>
Reconciliation:								
Interest income								327
Unallocated losses								(620)
Corporate and other unallocated expenses								(9,234)
Finance costs								(13,714)
Other net gains								11,767
Share of results of an associate								7,939
Profit before taxation								64,570
Income tax expense								(10,059)
Profit for the year								<u>54,511</u>

Year ended 31 December 2018	Continuing operations					Discontinued operation		Total HKD '000 (Restated)
	General trading HKD '000	Leasing business HKD '000	Property investment and consultancy HKD '000	Money lending business HKD '000	Securities investment HKD '000	Subtotal HKD '000	Manufacturing and trading of garment HKD '000 (Restated)	
Revenue from external customers	<u>1,045,592</u>	<u>7,421</u>	<u>15,773</u>	<u>3,906</u>	<u>7,825</u>	<u>1,080,517</u>	<u>278,304</u>	<u>1,358,821</u>
Segment result	<u>(1,781)</u>	<u>3,634</u>	<u>20,268</u>	<u>948</u>	<u>1,849</u>	<u>24,918</u>	<u>(12,103)</u>	<u>12,815</u>
Reconciliation:								
Interest income								601
Unallocated gains								1,499
Corporate and other unallocated expenses								(8,427)
Finance costs								(8,372)
Other net gains								821
Share of results of an associate								(4,045)
Loss before taxation								(5,108)
Income tax expense								(3,946)
Loss for the year								<u>(9,054)</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Continuing operations						Discontinued operation	
	Property							
	Supply chain business	Leasing business	investment and consultancy	Money lending business	Securities investment	Subtotal	Manufacturing and trading of garment	Total
At 31 December 2019	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Segment assets	390,657	76,284	194,968	60,142	238,966	961,017	—	961,017
Reconciliation:								
Corporate and other unallocated assets								111,096
Total assets								1,072,113
Segment liabilities	234,370	8,643	41,123	111	—	284,247	—	284,247
Reconciliation:								
Deferred tax liabilities								20,638
Bond								189,572
Corporate and other unallocated liabilities								83,195
Total liabilities								577,652

	Continuing operations						Discontinued operation	
	Property							
	General trading	Leasing business	investment and consultancy	Money lending business	Securities investment	Subtotal	Manufacturing and trading of garment	Total
At 31 December 2018	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Segment assets	22,109	178,851	207,010	50,540	86,512	545,022	82,934	627,956
Reconciliation:								
Corporate and other unallocated assets								240,211
Total assets								868,167
Segment liabilities	8,311	116,173	51,477	27	—	175,988	114,395	290,383
Reconciliation:								
Deferred tax liabilities								14,243
Bond								97,764
Corporate and other unallocated liabilities								7,982
Total liabilities								410,372

The following is an analysis of the Group's other segment information by reportable segments:

	Continuing operations						Discontinued operation	
	Supply chain business	Leasing business	Property investment and consultancy	Money lending business	Securities investment	Subtotal	Manufacturing and trading of garment	Total
Year ended	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
31 December 2019								
Other information								
Additions to non-current segment assets	20	59	—	—	—	79	2,791	2,870
Unallocated expenditure								140
								3,010
Depreciation	1	102	—	42	—	145	5,599	5,744
Unallocated depreciation								1,963
								7,707
	Continuing operations						Discontinued operation	
	General trading	Leasing business	Property investment and consultancy	Money lending business	Securities investment	Subtotal	Manufacturing and trading of garment	Total
Year ended	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
31 December 2018								
Other information								
Additions to non-current segment assets	—	222	—	9	—	231	4,364	4,595
Unallocated expenditure								—
								4,595
Depreciation	—	68	—	42	—	110	6,254	6,364
Unallocated depreciation								986
								7,350

(b) Geographical information

The Group's revenue from continuing operations from external customers by geographical market is as follows:

	2019 HKD'000	2018 HKD'000 (Restated)
The PRC	1,458,764	1,068,786
Hong Kong	7,564	11,731
	<u>1,466,328</u>	<u>1,080,517</u>

The Group's information about its non-current assets from continuing operations by geographic location is as follows:

	2019 HKD'000	2018 HKD'000
The PRC	236,166	218,081
Hong Kong	69,644	75,117
	<u>305,810</u>	<u>293,198</u>

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2019 HKD'000	2018 HKD'000
Customer A ¹	—	477,807
Customer B ¹	—	149,179
Customer C	610,319	—
	<u>610,319</u>	<u>—</u>

¹ Revenue from these customers contributed less than 10% of the total revenue of the Group for the year ended 31 December 2019.

10. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

11. INVESTMENT PROPERTIES

	2019 HKD'000	2018 HKD'000
At the beginning of the year	186,683	191,677
Exchange realignment	(3,580)	(10,107)
Fair value gain	7,953	5,113
	<hr/>	<hr/>
At the end of the year	191,056	186,683

The investment properties are situated in the PRC and are held under a medium-term lease.

At 31 December 2019, the Group's investment properties with an aggregate carrying amount of HKD191,056,000 (2018: HKD186,683,000), were pledged to bank loans granted to the Group (Note 20(a)).

12. INVESTMENT IN AN ASSOCIATE

	2019 HKD'000	2018 HKD'000
Share of net assets other than goodwill	135,466	127,472
Goodwill	36,443	36,443
Loss on deemed disposal	(1,411)	—
Release of exchange reserve upon deemed disposal of an associate	184	—
Transfer to unlisted equity investment at fair value through other comprehensive income	(170,682)	—
	<hr/>	<hr/>
	—	163,915

On 3 June 2018, Hua Tong Group Limited, a direct wholly-owned subsidiary of the Company, acquired 28% of equity interest in Golden Affluent Limited (“**Golden Affluent**”), for a cash consideration of HKD168,200,000 from an independent third party. The acquisition was completed on 29 June 2018.

Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC.

The investment in an associate is accounted for using equity method in the consolidated financial statements up to the date of cessation to become an associate.

At 31 December 2018, the Group held 28% shareholding interest in Golden Affluent and accounted for the investment as an associate. On 28 June 2019, Golden Affluent allotted and issued 23,551,034 new ordinary shares by way of placing of new shares and the Group's equity interest was diluted from 28% to 19% accordingly.

As a result, the Group was deemed to have disposed of 9% equity interest in Golden Affluent and ceased to have significant influence over Golden Affluent. The remaining 19% equity interest in Golden Affluent has therefore been accounted as a financial asset at fair value through other comprehensive income whose fair value at the date of deemed disposal was HKD170,682,000. The deemed disposal has resulted in the recognition of a loss in profit or loss, calculated as follows:

	<i>HKD'000</i>
Fair value of 19% equity interest in Golden Affluent on the date of loss of significant influence	170,682
Less: Carrying amount of 28% equity interest in Golden Affluent on the date of loss of significant influence	(171,909)
Release of exchange reserve upon deemed disposal	(184)
	<u>(1,411)</u>
Loss on deemed disposal of 9% equity interest in Golden Affluent	<u><u>(1,411)</u></u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Financial assets at fair value through other comprehensive income ("FVOCI")		
— Listed equity securities in Hong Kong	63,548	85,768
— Unlisted equity securities in Hong Kong (<i>Note</i>)	175,112	—
	<u>238,660</u>	<u>85,768</u>

Note: The unlisted equity securities are shares in Golden Affluent. The Group re-designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

Changes in fair value of those equity securities are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

14. FINANCE LEASE RECEIVABLES

	2019 HKD'000	2018 <i>HKD'000</i>
Non-current finance lease receivables	44,894	19,969
Current finance lease receivables	30,942	30,286
	75,836	50,255
Less: Expected credit loss allowance	(961)	—
	74,875	50,255

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2019	2018	2019	2018
	HKD'000	<i>HKD'000</i>	HKD'000	<i>HKD'000</i>
Within one year	41,209	34,318	30,942	30,286
Later than one year and not later than five years	46,842	20,108	44,894	19,969
	88,051	54,426	75,836	50,255
Less: Unearned interest income	(12,215)	(4,171)	—	—
Present value of minimum lease payments receivable	75,836	50,255	75,836	50,255

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 24 to 48 months (2018: 36 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately ranging from 6.2% to 12% (2018: 6.2% to 8%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 31 December 2019 and 31 December 2018 are neither past due nor impaired.

15. TRADE RECEIVABLES

Aging analysis

The ageing analysis of trade receivables (net of expected credit loss allowances) as of the end of the reporting period, based on invoice date, is as follows:

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Within 1 month	228,818	25,843
1 to 3 months	103,066	11,433
3 to 12 months	1,884	698
Over 12 months	168	193
	<u>333,936</u>	<u>38,167</u>

16. LOANS RECEIVABLES

The loans receivables from the money lending line of business are provided to independent third parties after a credit assessment on the borrower, bear interest ranging from 8% to 12% (2018: 8% to 10%) per annum and repayable within 1 year (2018: 1 year).

As at 31 December 2019, the loans receivables of amounting to HKD14,995,000 (2018: HKD20,016,000) are secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower while none of the loan receivables (2018: HKD25,099,000) are secured by the personal guarantee given by the sole director and sole shareholder of the borrower.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Held for trading investments at fair value — Listed equity securities in Hong Kong	<u>243</u>	<u>210</u>

18. TRADE PAYABLES

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

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Within 1 month	50,033	21,240
1 to 3 months	12,452	4,672
3 to 12 months	2,656	352
Over 12 months	160	72
	<u>65,301</u>	<u>26,336</u>

19. BONDS

	2019 <i>HKD'000</i>	2018 <i>HKD'000</i>
Bonds carried at fixed coupon rate of 7% to 7.5% (2018: 5%) per annum	<u>189,572</u>	<u>97,764</u>

The Company entered into a placing agreement with a placing agent, a subsidiary of an associated company of the Company (as mentioned in Note 12), pursuant to which the Company issued a 5% coupon unlisted bond on 24 July 2018 with the principal amount of HKD100,000,000. The amount is repayable within 12 months from the date of issue, and has fully repaid in July 2019.

Subsequently, the Company entered into two other placing agreements with placing agent, pursuant to which the Company issued 7.5% and 7% coupon unlisted bonds on 18 July 2019 and 15 October 2019 with the principal amounts of HKD100,000,000 and HKD90,000,000, respectively. These amounts are repayable within 12 months from the respective date of issue, which are 17 July 2020 and 14 October 2020, accordingly.

Transaction costs of placing commission of 4% of the principal amount of bond issued on 24 July 2018 and handling fee for issuance of bonds on 18 July 2019 and 15 October 2019 amounting HKD700,000 are incurred and amortised over the expected life of the bonds.

20. BORROWINGS AND OVERDRAFT

	2019 HKD'000	2018 HKD'000
Bank loans, secured (<i>Note (a)</i>)	151,724	95,182
Bank overdraft (<i>Note (a)</i>)	—	17,117
Other borrowings, unsecured (<i>Note (b)</i>)	50,288	113,860
Shareholder's loan, unsecured (<i>Note (c)</i>)	70,000	—
	<u>272,012</u>	<u>226,159</u>

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2019 HKD'000	2018 HKD'000
Within 1 year	236,082	179,951
After 1 year but within 2 years	4,321	4,678
After 2 years but within 5 years	31,609	41,530
	<u>272,012</u>	<u>226,159</u>
Less: Amount due within one year or repayable on demand classified as current liabilities	<u>(236,082)</u>	<u>(179,951)</u>
	<u>35,930</u>	<u>46,208</u>

Notes:

- (a) At 31 December 2019, bank loans of HKD111,750,000 (2018: nil) and HKD39,974,000 (2018: HKD50,602,000) were secured by corporate guarantee from the Company and investment properties of the Group, interest-bearing at 7% per annum (2018: nil) and 6.37% (2018: 6.37%) per annum respectively.

At 31 December 2018, bank loans of HKD44,580,000 were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun (“**Mr. Cheng**”), a director of a wholly owned subsidiary of the Company. Bank overdraft of HKD17,117,000 in 2018 was secured by legal charge on certain assets of Mr. Cheng.

- (b) Other borrowings are obtained from independent third parties. Amount of HKD50,288,000 (2018: HKD113,860,000) is unsecured, interest-bearing at 8% (2018: 4.35%) per annum and are repayable within 6 months (2018: 1 year).
- (c) The loan is from an Executive Director who is also one of the substantial shareholders and is unsecured, interest free and is repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2019, the principal activities of the Group are: (i) supply chain business (the “**Supply Chain Business**”), (ii) leasing business (the “**Leasing Business**”), (iii) property investment and consultancy (the “**Property Investment**”), (iv) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the “**Money Lending Business**”) and (v) securities investment (the “**Securities Investment**”). Following the completion of the disposal of the manufacturing and trading of garment business companies, the Group ceased to operate such business on 31 May 2019.

Continuing Operations

Supply Chain Business

During the year ended 31 December 2019, the Supply Chain Business recorded a revenue of HKD1,445.4 million, representing an increase of HKD399.8 million as compared with the corresponding period in 2018. Such increase mainly due to the expansion in the supply chain of non-ferrous metals and construction materials with providing credit terms. During the current year, the Supply Chain Business mainly focuses on the sourcing and distribution of non-ferrous metals and construction materials. The Group also provides value-added services including but not limited to inventory management and logistics support, to broaden the income stream from such business. Its customers include major non-ferrous metals mining and production companies and integrated infrastructure companies in the People’s Republic of China (the “**PRC**” or “**China**”).

Leasing Business

The Leasing Business is operated through direct lease or sale-and-leaseback arrangement. As at 31 December 2019, the aggregate finance lease receivables was HKD74.9 million and recognised revenue of HKD8.5 million for the year ended 31 December 2019. Our current customers of Leasing Business are from the construction, new economy, entertainment and renewable energy sectors. The Group will continue to focus on such sectors for any potential cooperation opportunities. As at the date of this announcement, all the finance lease receivables as at 31 December 2019 have been collected and received on time. The Group adopted a prudent approach in the Leasing Business to minimise its credit and business risks.

Property Investment

During the year ended 31 December 2019, the investment properties located in Yunfu, PRC recorded a revenue of rental income of HKD4.9 million. As at 31 December 2019, the fair value of the above investment properties amounted to HKD191.1 million resulting in a fair value gain of HKD8.0 million. The Group will continue to lease out the investment properties for rental income and the Group may realise its properties investment to enhance the Group's working capital if necessary and when timing is appropriate.

Money Lending Business

As at 31 December 2019, loans receivables of the Money Lending Business amounted to HKD15.0 million which are repayable within a year, and recognised revenue of HKD7.6 million for the year ended 31 December 2019. During the year ended 31 December 2019, all of the customers in Money Lending Business are corporations and are secured borrowings. The rate of return of the Money Lending Business is in the range of 8% to 12%. All the loan receivables are repayable according to the repayment schedules. In order to ensure a healthy development for Money Lending Business, the Group will continue to adopt a prudent risk management policy, and also to carry out regular review of credit risk over the existing borrowers.

Securities Investment

The Group conducts securities investment activities included listed securities in its ordinary and normal course of business. The Group adopts a prudent investment strategy for short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

Discontinued Operation

Garments Business

On 31 May 2019, the Company entered into a share transfer agreement with an independent third party for the disposal of the entire issued share capital of Mega Grade Holdings Limited (“**Mega Grade**”) at cash consideration of RMB10,000 (equivalent to approximately HKD11,364) (the “**Disposal**”). Mega Grade and its subsidiaries (“**Mega Grade Group**”) is principally engaged in the manufacturing and trading of garments. Completion took place immediately upon the execution of the agreement. Upon completion of the Disposal, the Mega Grade Group has ceased to be part of the Group and the Group no longer engages in the business of manufacturing and trading of garments.

Details of the Disposal were disclosed in the Company's announcement dated 31 May 2019.

FINANCIAL REVIEW

Below is an analysis of our key financial information including, but not limited to revenue, expenses and profit for the year, which reflected the financial position of our business.

Revenue

For the year ended 31 December 2019, the Group recorded a total revenue of HKD1,466.3 million, representing an increase of 35.7% as compared with that of the year ended 31 December 2018 of HKD1,080.5 million. Such increase was mainly attributable to the revenue generated in Supply Chain Business of HKD1,445.4 million as compared with HKD1,045.6 million for the year ended 31 December 2018.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment and Consultancy amounted to approximately HKD20.9 million as compared with that of the year ended 31 December 2018 of HKD34.9 million.

Expenses

For the year ended 31 December 2019, the Group's direct costs and operating expenses significantly increased by HKD367.7 million from HKD1,043.8 million for the year ended 31 December 2018 to HKD1,411.5 million for the year ended 31 December 2019. The increase in direct costs and operating expenses is mainly due to the significant growth in Supply Chain Business whereas the revenue from Supply Chain Business accounted for 98.6% of the Group's total revenue from continuing operations.

The Group's administrative expenses slightly increased by HKD1.6 million from HKD25.3 million for the year ended 31 December 2018 to HKD26.9 million for the year ended 31 December 2019.

The Group's finance cost from continuing operations increased by HKD5.3 million from HKD8.4 million for the year ended 31 December 2018 to HKD13.7 million for the year ended 31 December 2019. The increase in finance cost was mainly due to the full year recognition of interest expense for the unlisted bonds for the year ended 31 December 2019.

Profit for the year

For the year ended 31 December 2019, the Group recorded a net profit of approximately HKD54.5 million as compared to a net loss of approximately HKD9.1 million for the year ended 31 December 2018, such turnaround from net loss to net profit was mainly attributable to, (i) the profit contribution in the Supply Chain Business of HKD28.5 million (2018: loss of HKD1.8 million), (ii) the positive impact arising from profit sharing of HKD7.9 million of the results of Golden Affluent against its loss sharing of HKD4.0 million for the year ended 31 December 2018, and (iii) the one-off gain of HKD35.9 million arising from the disposal of the garment business companies which was completed in May 2019.

Trade receivables

The significant increase in trade receivables of HKD295.8 million was primarily due to increased credit sales during the last two months of 2019 compared to the corresponding period in 2018. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the management, which performs assessment of recoverability on a case-by-case basis.

Other receivables, prepayments and deposits

As at 31 December 2019, the Group's other receivables, prepayments and deposits increased by HKD7.0 million from HKD34.5 million as at 31 December 2018 to HKD41.5 million. Such increase was mainly due to a receivable balance of HKD29.7 million (2018: Nil) from the provision of accounts receivable management, financing and collection services.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2019, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD105.0 million (2018: HKD138.4 million) and interest-bearing borrowings, included the unlisted bonds, the borrowings and overdraft, were HKD461.6 million (2018: HKD323.9 million). The following table details the cash and cash equivalents, the bonds and the borrowings and overdraft of the Group at the end of the reporting period denominated in original currencies:

	At 31 December 2019		
	HKD (‘000)	RMB (‘000)	USD (‘000)
Cash	56,370	43,547	—
Bonds	189,572	—	—
Borrowings and overdraft	70,000	180,771	—

	At 31 December 2018		
	HKD (‘000)	RMB (‘000)	USD (‘000)
Cash	8,866	108,612	758
Bond	97,764	—	—
Borrowings and overdraft	61,698	144,442	—

The Group principally satisfies its demand for operating capital with cash inflow from its operations, unlisted bond issuance and borrowings. As at 31 December 2019, the gearing ratio, which is calculated on the basis of total borrowings over total shareholders’ fund of the Group, was 93.4% (2018: 70.8%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.01 (2018: 0.97). The liquidity ratio is stable in comparison to the previous one.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi, while the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from the bonds, borrowings and overdrafts, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGED ON GROUP ASSETS

As at 31 December 2019, certain of the Group's investment properties located in Yunfu, PRC with net carrying amount of HKD191.1 million (2018: HKD186.7 million) were pledged to secure banking facilities of the Group.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2019, the Company had provided corporate guarantees amounting to HKD111.8 million (2018: HKD111.9 million) in favour of certain banks and lenders in connection with facilities granted certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2019, the Group invested HKD3.0 million (2018: HKD75.9 million) on properties, plant and equipment and investment properties, which included leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles. As at 31 December 2019 and 2018, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, the significant investments held by the Group are as follows:

	As 31 December 2019 HKD'000	As 31 December 2018 HKD'000
Investment in an associate	—	163,915
Financial assets at fair value through other comprehensive income	238,660	85,768
Financial assets at fair value through profit or loss	243	210
	238,903	249,893

Information in relation to the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 31 December 2019 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 31 December 2019 HKD'000	Percentage to the Group's total assets as at 31 December 2019	Change in fair value for the year ended 31 December 2019 HKD'000
Financial assets at fair value through other comprehensive income							
Listed equity securities in Hong Kong:							
0299	Glory Sun Land Group Limited ("GS Land")	Investment in shares	36,500,000	0.80%	31,025	2.89%	13,870
1282	Glory Sun Financial Group Limited ("Glory Sun")	Investment in shares	85,000,000	0.29%	25,500	2.38%	(15,300)
Other					7,023		(20,789)
Sub-total					63,548		(22,219)
Unlisted equity securities in Hong Kong:							
	Golden Affluent	Investment in shares	13,921,278	15.90%	175,112	16.33%	4,429
Financial assets at fair value through profit or loss							
Listed equity securities in Hong Kong:							
Other					243		33
Total					238,903		(17,757)

The principal activities of the securities are as follows:

1. GS Land (formerly known as New Sports Group Limited) is a Hong Kong-based investment holding company and is principally engaged in property investment and development. Along with subsidiaries, GS Land operates its business through seven segments: (i) the real estate and property investment segment is principally engaged in the business of property development and property investment in the PRC; (ii) the trading of commodities segment is mainly involved in the trading of commodities in the PRC; (iii) the yacht club segment is engaged in the operation of a yacht club; (iv) the construction segment provides construction works in the PRC; (v) the education and training segment provides international education and training services; (vi) online game services segment is engaged in the provision of design, development and operation of mobile and web games; and (vii) the other is mainly involved in the operation of golf practice courts.
2. Glory Sun (formerly known as China Goldjoy Group Limited) is an investment holding company and is principally engaged in the manufacture of high-technology products, and the trading of automation-related equipment. The company operates through three business segments: automation, manufacturing and securities investment. The company is also engaged in the research and development, trading of software, manufacturing of printed circuit board touch pad, as well as the development of business and the marketing of products through its subsidiaries.
3. Golden Affluent is principally engaged in investment holding and its subsidiaries are engaged 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 Future Ordinance and provision of bullion services in Hong Kong; and private investment management services in the PRC.

Save as disclosed above, the Group also invested in other shares listed on the Stock Exchange. Each of the fair value of these shares represented less than 1% of the total assets of the Group as at 31 December 2019.

Save as disclosed above, there were no significant investments held by the Group for the year ended 31 December 2019.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Discloseable Transaction in Relation to the Disposal of Subsidiaries

As announced by the Company on 31 May 2019, the Company disposed of the entire issued share capital of Mega Grade at the consideration of RMB10,000 (equivalent to HKD11,364). The Mega Grade Group is principally engaged in the manufacturing and trading of garments. Completion of the Disposal took place on 31 May 2019. Thereafter the Mega Grade Group ceased to be subsidiaries of the Company.

Save as disclosed above, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of approximately 40 employees (2018: approximately 510 employees). The total staff cost of the Group amounted to approximately HKD14.7 million for the year ended 31 December 2019, representing 1.0% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any significant events after the reporting period.

FUTURE PROSPECTS

Increase the Group's revenue growth and profitability will be the first priority for the Group in the year 2020, by enhancing the varieties of products, strengthening the marketing efforts and broaden the customer base. However, the recent outbreak of novel coronavirus pneumonia (COVID-19) has significantly halted the economy and the business operations in PRC, more or less will have an impact on the Group's performance in this year. Nonetheless, the Group will continue to put the best effort to expand its Supply Chain Business and Leasing Business in the PRC, especially in the supply chain service on the provision of construction materials and leasing of construction machinery.

Meanwhile, the Group starts the provision of accounts receivable management, financing and collection services, which is in line with the development of the Supply Chain Business. At the end of the reporting period, the Group had provided over RMB25 million of accounts receivable factoring services to our customers. It is expected that such services can generate considerable and stable income for the Group in the future.

For the other businesses included the property investment, money lending business and securities investment, we will keep a cautious and prudent approach and maintain the current scale of such businesses.

Under full economic uncertainties caused by ongoing United States-China trade argument, unstable political environment and the recent outbreak of COVID-19, the management will remain prudent in its business operations for safeguarding its resources and achieving steady and stable growth of the Group.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, except for the following deviations:

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jian (“**Mr. Wang**”) served as both the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wang has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with the majority of the member of the Board being non-executive Directors (including independent non-executive Directors).

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to re-election. Mr. Law Fei Shing (“**Mr. Law**”), who is a non-executive Director of the Company, was not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Bye-laws of the Company. When Mr. Law is due for re-election, the nomination committee of the Board and the Board will review his performance and consider whether a recommendation should be made to the shareholders of the Company on his re-election at the annual general meeting in accordance with the Company’s policy on selection and nomination of Directors. As such, the Board is of the view that sufficient safeguards are in place to ensure that Mr. Law will remain suitable for directorship of the Company.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions (the “**Model Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the management of the Company and the external auditor, Baker Tilly Hong Kong Limited, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2019 of the Group.

CLOSURE OF REGISTER OF MEMBERS

The 2020 Annual General Meeting of the Company is scheduled to be held on Friday, 12 June 2020 (the “AGM”). The register of members of the Company will be closed from Monday, 8 June 2020 to Friday, 12 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued shares of the Company being held by the public under the Listing Rules throughout the year ended 31 December 2019 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The Company’s annual report containing all information required by the Listing Rules will be despatched to shareholders and published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.paktakintl.com in due course.

On behalf of the Board

Pak Tak International Limited

Wang Jian

Chairman and Chief Executive Officer

Hong Kong, 20 March 2020

As at the date of this announcement, the Board comprises Mr. Wang Jian, Ms. Qian Pu and Mr. Feng Guoming as Executive Directors; Mr. Law Fei Shing and Mr. Shin Yick Fabian as Non-executive Directors; and Mr. Chan Ngai Sang Kenny, Mr. Chan Kin Sang and Mr. Zheng Suijun as Independent Non-executive Directors.