香港金融集團

HONG KONG FINANCE INVESTMENT HOLDING GROUP LIMITED

香港金融投資控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 7)

ANNOUNCEMENT OF 2019 UNAUDITED ANNUAL RESULTS

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of Hong Kong Finance Investment Holding Group Limited (the "Company") and its subsidiaries (collectively, the "Group") has not been completed. In the meantime, the Board of Directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Continuing operations			
Revenue	*4*	**538,006**	942,475
Cost of goods sold and direct cost		**(509,163)**	(890,984)
Gross profit		**28,843**	51,491
Other income	*5*	**1,162**	1,811
Other gains or losses	*6*	**6,460**	8,391
Fair value change on investment properties		**962,056**	289,004
Impairment loss of financial asset at amortised cost, net	*8*	**17**	(592)
Selling and distribution expenses		**(1,102)**	(913)
Administrative expenses		**(63,882)**	(65,675)
Profit from operation		**933,554**	283,517
Finance costs	*9*	**(30,632)**	(30,216)
Profit before taxation		**902,922**	253,301
Taxation	*10*	**(240,530)**	(73,665)
Profit for the year from continuing operations	*11*	**662,392**	179,636

	Notes	**2019** **HK$'000** **(unaudited)**	2018 *HK$'000* (audited)
Discontinued operations			
Loss for the year from discontinued operations		**–**	(20,905)
Profit for the year		**662,392**	158,731
Other comprehensive (expenses)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange reserve arising on translation of financial statements of foreign operations			
Exchange loss arising during the year		**(76,277)**	(245,556)
Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of foreign operations		**–**	19,135
		(76,277)	(226,421)
Items that will not be reclassified to profit or loss:			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income		**(342)**	468
Other comprehensive expenses for the year		**(76,619)**	(225,953)
Total comprehensive income/(expense) for the year		**585,773**	(67,222)
Profit for the year attributable to owners of the Company			
from continuing operations		**662,622**	180,887
from discontinued operations		**–**	(20,905)
Profit for the year attributable to owners of the Company		**662,622**	159,982
Loss for the year attributable to non-controlling interests			
from continuing operations		**(230)**	(1,251)
from discontinued operations		**–**	–
Loss for the year attributable to non-controlling interests		**(230)**	(1,251)
		662,392	158,731
Total comprehensive income/(expenses) attributable to:			
Owners of the Company		**586,226**	(66,097)
Non-controlling interests		**(453)**	(1,125)
		585,773	(67,222)
Earnings per share			
From continuing and discontinued operations			
– Basic	*12*	**HK$0.1657**	HK$0.0455
– Diluted		**HK$0.1602**	HK$0.0402
From continuing operations			
– Basic	*12*	**HK$0.1657**	HK$0.0514
– Diluted		**HK$0.1602**	HK$0.0456

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**111,934**	116,648
Investment properties		**2,338,603**	1,416,547
Right-of-use assets		**5,693**	–
Intangible assets		**–**	–
Investment in equity instrument at fair value through other comprehensive income		**1,224**	1,566
Deposit paid for construction		**74,946**	160,000
Statutory deposits		**4,030**	4,075
Loans receivable		**–**	12,993
		2,536,430	1,711,829
Current assets			
Properties for sale		**1,809,871**	1,846,586
Accounts receivable	*14*	**106,684**	273,689
Loans receivable		**1,992**	7,513
Other receivables, prepayments and deposits		**102,810**	43,162
Pledged fixed deposits (general accounts)		**5,264**	5,251
Bank balances (trust and segregated accounts)		**83,766**	104,231
Bank balances (general accounts) and cash		**20,680**	41,155
		2,131,067	2,321,587

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Current liabilities			
Accounts payable	*15*	**155,160**	303,524
Other payables and accrued expenses		**61,014**	26,393
Lease liabilities		**2,377**	–
Contract liabilities		**6,658**	–
Amounts due to Directors		**109,292**	85,491
Borrowings		**304,910**	66,021
Tax payable		**339**	1,868
		639,750	483,297
Net current assets		**1,491,317**	1,838,290
Total assets less current liabilities		**4,027,747**	3,550,119
Non-current liability			
Lease liability		**3,392**	–
Deferred tax liability		**336,978**	102,224
Corporate bonds		**29,621**	19,560
Convertible bonds		**–**	104,055
Borrowings		**–**	254,509
		369,991	480,348
Net assets		**3,657,756**	3,069,771
Capital and reserves			
Share capital		**400,000**	400,000
Reserves		**3,252,807**	2,666,684
Equity attributable to owners of the Company		**3,652,807**	3,066,684
Non-controlling interests		**4,949**	3,087
Total equity		**3,657,756**	3,069,771

NOTES:

1. GENERAL

The Company is an exempted company incorporated under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate and immediate holding company is Triumph Energy Group Limited, a company incorporated in the British Virgin Islands ("BVI").

The consolidated financial statements of the Group for the year ended 31 December 2019 comprise the Company and its subsidiaries (together the "Group"). The Company is an investment holding company. The principal activities of the Group are (1) the trading of natural resources and petrochemicals; (2) mineral mining, oil and gas exploration and production, (3) the provision of financial services and (4) property investment.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and most of its subsidiaries.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The 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 Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule").

The consolidated financial statements have been prepared under historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("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 the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

As a lessee (Continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment;

v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is by the relevant group entities range from 5.125% to 6.12%.

	Note	*HK$'000*
Operating lease commitments disclosed as at 31 December 2018		3,137
Less: Recognition exemption – short-term leases		(1,919)
Add: Non-lease components		163
		1,381
Lease liabilities as at 1 January 2019 discounted at relevant incremental borrowing rates		1,338
Analysed as		
Current		1,225
Non-current		113
		1,338

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Note	*HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		1,235
By class		
Office		1,235

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position as at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

As a lessor (Continued)

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. However, the adjustments to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

The application of HKFRS 16 as a lessor does not have a material impact on the retained profits at 1 January 2019.

No adjustments have been made, in the application of HKFRS 16 as a lessor, on the Group's condensed consolidated statement of financial position as at 1 January 2019 and its condensed consolidated statement of profit or loss and other comprehensive income and cash flows for the current interim period.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amount previously reported at 31 December 2018**	**Adjustments**	**Carrying amount under HKFRS 16 at 1 January 2019**
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Right-of-use assets		–	1,235	1,235
Current assets				
Lease liabilities		–	1,225	1,225
Non-current liabilities				
Lease liabilities		–	113	113

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

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

2 Effective for business combinations and asset acquisitions 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 a date to be determined

4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company consider that the application of all new and amendments to HKFRSs and HKASs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

Amendments to HKFRS 3 Definition of a Business

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

4. REVENUE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines:		
Trading Business:		
Sales of electronic products	**508,799**	896,098
Financial Business:		
Commission and brokerage income	**5,727**	13,703
Advisory and consultancy fee	**3,108**	1,220
	517,634	911,021
Revenue from other sources outside the scope of HKFRS 15:		
Financial Business:		
Interest income arising from financial business	**8,377**	9,173
Property investment:		
Rental income	**11,995**	22,281
	20,372	31,454
	538,006	942,475
At a point in time	**517,634**	910,471
Over time	**–**	550
	517,634	911,021

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Interest income from bank	**50**	29
Sundry income	**522**	232
Handling charge income	**590**	1,464
Dividend income	**–**	86
	1,162	1,811

6. OTHER GAINS OR LOSSES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Gain (loss) of early redemption of convertible bonds	**2,072**	(267)
Net exchange gain	**4,388**	5,003
Fair value change on convertible bonds	**–**	3,655
	6,460	8,391

7. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on the nature of the products provided and services rendered.

During the year ended 31 December 2019, the Group is currently organised into the four operation and reportable segments – (1) trading business, (2) mineral mining, oil and gas business (3) financial business and (4) property investment. These revenue streams are the basis of the internal reports about components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to segments and to access their performance.

Trading business	–	sales of electronic products
Mineral mining, oil and gas business	–	exploration and production of mineral, oil and gas
Financial business	–	provision of financial service, including stockbroking, futures and options broking, mutual funds, insurance-linked investment plans and provision of corporate financial services and immigration consultancy services, and securities margin financing
Property investment	–	rental income

7. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by segment.

For the year ended 31 December 2019

	Trading business *HK$'000*	**Mineral mining, oil and gas business** *HK$'000*	**Financial business** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
REVENUE					
Segment revenue	**508,799**	**–**	**17,212**	**11,995**	**538,006**
RESULTS					
Segment (loss)/profit	**(256)**	**(47)**	**(10,188)**	**964,848**	**954,357**
Corporate administration costs					**(53,507)**
Gain of early redemption of convertible bonds					**2,072**
Profit before taxation from continuing operations					**902,922**

For the year ended 31 December 2018

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
REVENUE					
Segment revenue	896,098	–	24,096	22,281	942,475
RESULTS					
Segment profit/(loss)	6,556	(2,105)	(4,355)	294,427	294,523
Corporate administration costs					(44,611)
Loss on redemption of convertible bonds					(266)
Fair value change of convertible bonds					3,655
Loss on disposal of subsidiaries					(20,502)
Profit before taxation from continuing operations					232,799

7. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the financial results by each segment without allocation of corporate administration costs. This is the measure reported to the Board of Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

At 31 December 2019

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	**74,713**	**4**	**204,501**	**4,383,050**	**4,662,268**
Unallocated assets					**5,229**
Consolidated total assets					**4,667,497**
LIABILITIES					
Segment liabilities	**67,293**	**494**	**159,205**	**388,965**	**615,957**
Unallocated liabilities					**393,784**
Consolidated total liabilities					**1,009,741**

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2018

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	195,153	6	257,055	3,557,883	4,010,097
Unallocated assets					23,319
Consolidated total assets					4,033,416
LIABILITIES					
Segment liabilities	189,224	591	202,233	94,792	486,840
Unallocated liabilities					476,805
Consolidated total liabilities					963,645

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

– all assets are allocated to operating segments other than bank balances and cash for administrative purpose and other assets including other receivables, prepayments and deposits of head office.

– all liabilities are allocated to operating segments, other payables and accrued expenses in relation to corporate administration costs.

7. SEGMENT INFORMATION (Continued)

Other segment information

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Continuing operation							
For the year ended 31 December 2019							
Amounts included in the measure of segment profit (loss) or segment assets:							
Depreciation of property, plant and equipment	**13**	**–**	**301**	**4,588**	**4,902**	**107**	**5,009**
Depreciation of right of use assets	**179**	**–**	**2,301**	**–**	**2,480**	**–**	**2,480**
Finance costs	**–**	**–**	**4,696**	**–**	**4,696**	**25,936**	**30,632**
Interest income	**(47)**	**–**	**(8,377)**	**(3)**	**(8,427)**	**–**	**(8,427)**
Reversal of loss allowance	**–**	**–**	**(17)**	**–**	**(17)**	**–**	**(17)**

	Trading business *HK$'000*	Mineral mining, oil and gas business *HK$'000*	Financial business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Continuing operation							
For the year ended 31 December 2018							
Amounts included in the measure of segment profit (loss) or segment assets:							
Amortisation	–	1,401	–	–	1,401	–	1,401
Depreciation	4	–	316	4,390	4,710	261	4,971
Finance costs	–	–	4,976	–	4,976	25,240	30,216
Interest income	(17)	–	(9,174)	(12)	(9,203)	–	(9,203)
(Reversal)/Addition of loss allowance	629	–	(37)	–	592	–	592

7. **SEGMENT INFORMATION (Continued)**

Geographical information

All of the activities of trading business are based in China. The activities of mineral mining is based in Kenya, while oil and gas business are based in Tunisia and Madagascar. All of the activities of the financial business are based in Hong Kong.

The Group's revenue from continuing operations and its non-current assets, other than deposit paid for acquisition of a subsidiary, financial assets at FVTOCI, statutory deposits and loans receivables, by geographical location of the assets regarding its operations are detailed below:

	Revenue		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)
Hong Kong	**17,212**	24,096	**5,971**	756
PRC	**517,844**	916,330	**2,339,517**	1,577,583
Madagascar	**2,950**	2,049	**110,742**	114,856
	538,006	942,475	**2,456,230**	1,693,195

Information about major customer

Revenue from customers of the year from continuing operations ended 31 December 2019 and 2018 contributing over 10% of the total revenue of the Group are generated from mining business as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Customer A	**287,166**[(1)]	807,662[(1)]
Customer B	**130,642**[(1)]	–
Customer C	**59,302**[(1)]	–

There is no other single customer contributing over 10% of total revenue from continuing operations of the Group for the years ended 31 December 2019 and 2018.

[1] *Revenue from trading business*

8. IMPAIRMENT LOSS OF FINANCIAL ASSETS AT AMORTISED COST, NET

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Accounts receivable arising from:		
– cash clients	**(14)**	(6)
– margin clients	**(2)**	31
– trading business	**–**	(629)
Loans receivable	**33**	12
	17	(592)

9. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Corporate bonds	**2,061**	1,718
Borrowing	**25,116**	25,014
Amounts due to directors	**3,237**	3,484
Lease liabilities	**218**	–
	30,632	30,216

10. TAXATION

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Current tax – enterprise income tax provision for the year	**16**	1,835
Deferred tax – origination and reversal of temporary difference	**240,514**	71,830
	240,530	73,665

10. TAXATION (Continued)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2019 and 2018 as the relevant group entities have no assessable profits or the assessable profit is wholly absorbed by tax losses brought forward for both years.

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.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for both years.

11. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,456**	1,350
Amortisation	**–**	1,401
Depreciation of property, plant and equipment	**5,009**	4,971
Depreciation of right-of-use assets	**2,480**	–
Staff cost, including Directors' remuneration	**33,802**	32,705
Contributions to retirement benefits scheme (included in staff costs)	**706**	726
Cost of inventories recognised as expense	**506,450**	887,269
Loss from error trades	**–**	2
Interest income on bank deposits (included in other income)	**(50)**	(29)
Operating lease in respect of office premises	**–**	5,868

12. EARNINGS PER SHARE

From continuing operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share	**662,622**	180,887
Effect of dilutive potential ordinary shares:		
– (Gain) loss of redemption of convertible bonds	**(2,072)**	267
– Fair value change on convertible bonds	**–**	(3,655)
Profits for the year attributable to owners of the Company for the purpose of calculating diluted earnings per share	**660,550**	177,499

	Number of shares	
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**4,000,000**	3,516,367
Effect of dilutive potential ordinary shares:		
– Convertible bonds	**123,807**	377,739
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**4,123,807**	3,894,106

12. EARNINGS PER SHARE (Continued)

From continuing and discontinued operations

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

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Earnings:		
Profit for the year attributable to owners of the Company of the purpose of calculating basic earnings per share	**662,622**	159,982
Effect of dilutive potential ordinary shares:		
– (Gain) loss of redemption of convertible bonds	**(2,072)**	267
– Fair value change on convertible bonds	**–**	(3,655)
Profit for the year attributable to owners of the Company for the purposes of calculating diluted earning per share	**660,550**	156,594

	2019	2018
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per shares	**4,000,000**	3,516,367
Effect of dilutive potential ordinary shares:		
Convertible bonds	**123,807**	377,739
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**4,123,807**	3,894,106

From discontinued operations

For the year ended 31 December 2018, basic and diluted loss per share for the discontinued operation is HK$0.0100 and HK$0.0100 per share (2019: HK$nil and HK$nil per share) respectively, based on the loss for the year from the discontinued operation of approximately HK$403,000 (2019: HK$nil) and the denominators detailed above for both basic and diluted loss per share.

13. DIVIDEND

The Directors do not recommend the payment of a final dividend for both years.

14. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivable consist of:		
Accounts receivable arising from business of trading electronic products	**24,786**	179,912
Accounts receivable arising from business of properties investment	**368**	10,031
Accounts receivable arising from the business of dealing in securities:		
– Cash clients	**7,060**	10,674
Less: Loss allowance for ECL	**(11)**	(6)
	7,049	10,668
– Hong Kong Securities Clearing Company Limited ("HKSCC")	**540**	2,614
Accounts receivable from Hong Kong Futures Exchange Clearing Corporation Limited ("HKFECC") arising from the business of dealing in futures contracts	**1,368**	1,844
Loans to securities margin clients	**72,395**	68,646
Less: Loss allowance for ECL	**(34)**	(32)
	72,361	68,614
Accounts receivable arising from the business of advisory for financial management	**212**	6
	106,684	273,689

14. ACCOUNTS RECEIVABLE (Continued)

An average credit period for accounts receivable from trading business is 30 days. The accounts receivable from the business of trading natural resources and petrochemical aged within 90 days.

Accounts receivable from the business of trading electronic products

A credit period based on dates of delivery of goods for accounts receivable from trading of electronic products is 90 days. The aged analysis of accounts receivable arising from trading of electronic products is as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-90 days	**24,786**	148,003
91-180 days	**–**	31,909
	24,786	179,912

Accounts receivable from the investment property business

The average credit period for accounts receivable from investment property business is 30 days. The aged analysis of accounts receivable arising from investment property business is as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0-90 days	**368**	3,105
91-180 days	**–**	4,280
181-270 days	**–**	2,646
	368	10,031

Accounts receivable from cash client, HKSCC, HKFECC

The settlement terms of accounts receivable from cash clients, HKSCC, HKFECC are usually one to two days after the trade date. Except for the accounts receivable from cash clients as mentioned below, the accounts receivable from HKSCC and HKFECC aged within 30 days.

14. ACCOUNTS RECEIVABLE (Continued)

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

Accounts receivable from the business of advisory for financial management clients

The Group does not provide any credit term to its advisory for financial management clients. The aged analysis of accounts receivable arising from the business of advisory for financial management clients is as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**–**	–
More than 90 days	**11**	6
	11	6

The settlement terms of cash clients are usually one to two days after the trade date. The aged analysis of accounts receivable arising from cash clients is as follows:

Accounts receivable from cash clients

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**7,049**	9,050
91 – 180 days	**–**	1,618
	7,049	10,668

14. ACCOUNTS RECEIVABLE (Continued)

Movement in the loss allowance of cash clients

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at beginning of the year	**6**	941
Adoption of HKFRS 9	**–**	(936)
Impact on adoption of HKFRS 9	**6**	5
Additional for the year	**11**	6
Amounts written off as uncollectible	**(6)**	(5)
Balance at end of the year	**11**	6

Movement in the loss allowance of securities margin clients

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Balance at beginning of the year	**32**	57
Adoption of HKFRS 9	**–**	6
Impact on adoption of HKFRS 9	**32**	63
Additional/(Reversal) for the year	**2**	(31)
Amounts recovered during the year	**–**	–
Balance at end of the year	**34**	32

In determining the recoverability of the accounts receivable, the Group considers any change in the credit quality of the accounts receivable from the date credit was initially granted, subsequent settlement and the fair value of pledged marketable securities up to the reporting date. In the opinion of the Directors, there is no further credit provision required in excess of existing loss allowance.

15. ACCOUNTS PAYABLE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts payable from trading of electronic products	**60,180**	186,705
Accounts payable from properties investment	**6,500**	6,636
Accounts payable arising from the business of dealing in securities:		
– Cash clients	**79,890**	95,250
– HKSCC	**1,399**	1,116
Accounts payable to clients arising from the business of dealing in futures contracts	**2,139**	2,968
Amounts due to securities margin clients	**5,052**	10,847
Accounts payable arising from the business of advisory for financial management	**–**	2
	155,160	303,524

The settlement term of accounts payable to cash clients and HKSCC is two days after the trade date and aged within 30 days.

Accounts payable to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on HKFECC. The excess of the outstanding amounts over the required margin deposits stipulated by HKFECC are repayable to clients on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of the Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

The accounts payable amounting to approximately HK$83,766,000 (2018: HK$104,231,000) were payable to clients or other institutions in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

15. ACCOUNTS PAYABLE (Continued)

Accounts payable from trading of electronic products

The aged analysis of amounts payable from trading of electronic products presented based on the receive date is as follow:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**53,027**	186,217
90 – 180 days	**2,200**	488
180 – 365 days	**4,876**	–
over 365 days	**77**	–
	60,180	186,705

Accounts payable from properties investment

The aged analysis of accounts payable from properties investment is a follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**–**	206
90 – 180 days	**6,500**	6,430
	6,500	6,636

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2019, the Group's revenue of continuing operation amounted to approximately HK$538.0 million, compared to approximately HK$942.5 million for 2018, representing a decrease of approximately HK$404.5 million. The decrease was mainly attributable to the decrease in the sales of electronic products during the year.

The profit attributable to the owners of the Company substantially increased to HK$662.6 million, an increase of HK$502.6 million from the profit of HK$160.0 million recorded for the year ended 31 December 2018. The increase was primarily due to the increase of the fair value of investment properties of approximately HK$962.1 million (2018: HK$289.0 million).

BUSINESS REVIEW

Investment property

Zhanjiang

The Group owns the land use rights of five land parcels located in Donghai Dao, Zhanjiang Economic and Technological Development Zone, Zhangjiang City, Guangdong Province, the PRC with total site area and total planned gross floor area of approximately 266,000 sq.m. and 1.3 million sq.m. respectively (the "Smart City Project"). The lands are divided into two portions: the portion held for sale (non-commercial portion) and the portion held for investment purpose (including the commercial portion and the car parking spaces).

According to the valuation report issued by a recognized valuer at the end of the year, the gross development value and the value of the lands of the Smart City Project were approximately RMB11.0 billion and RMB5.1 billion respectively. The lands of the Smart City Project had been valued approximately RMB2.0 billion higher than the value of the lands of the Smart City Project at 31 December 2018. The portion of lands at approximately RMB3.5 billion will be used for residential purpose which are classified as inventories and another portion of lands at approximately RMB1.6 billion will be used for commercial building development purpose which are classified as investment properties in the statement of financial position as at 31 December 2019. Therefore, the fair value gain of approximately RMB962.1 million of the investment properties were recognised in the statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

With the commencement of the operation/construction of large-scaled projects in Donghai Dao such as the steel industrial projects, refinery and petrochemical projects, Donghai hospital project, Donghai secondary school project etc., it is expected that there are great demands for quality residential property. BASF had also commenced its construction of fine chemical industry base in Donghai Dao, with a total investment of US$10 billion. BASF's chemical industry base plan has a very positive impact on the Group's property development project in Zhanjiang.

The Lands are located at the central business district of Donghai Dao, being a part of Zhanjiang Economic and Technological Development Zone ("ZETDZ") established in 1984 with the approval of the State Council and combined with Zhanjiang Donghai Dao Economic Development Test Zone in 2009 with a total area of 469 square kilometer. ZETDZ comprises three zones, including the established zone located in the center of Zhanjiang City and the industrial zone and the tourist zone of Donghai Dao. According to "Zhanjiang City Master Plan (2011-2020)" approved by the State Council in June 2017, Donghai Dao is one of the seven key strategic development areas of Zhanjiang City. Donghai Dao is aiming to develop into a modern city favourable for industrial, commercial as well as residential with six major functional areas, namely steel industry zone, petrochemical zone, hi-tech industrial zone, modern manufacturing zone, central business district and tourism and leisure zone. Central business district, being one of the major functional areas, is located at the center of Donghai Dao and an aggregate of 500 acres of land of which has been planned for hotel, residential and commercial integrated projects.

Beijing

The rental income of leasing the property covers an area of approximately 16,300 sq.m. at the Rong Ning Yuan Community of No. 60 Guang An Men Nan Jie, Xicheng District, Beijing, PRC. The rental income recorded by this Beijing property was approximately HK$9.0 million (2018: HK$20 million) for the year ended 31 December 2019.

Financial Business

The revenue of financial business of the Group generated from securities, futures and options broking business, underwriting commission, advisory for financial management business and interest income from securities margin loan portfolio. The performance during the past year suffered loss mainly attributing to the risk aversion of investor in the extreme volatile and uncertain trading environment. In the fiscal 2019, the market experienced wide trading range of about 5,000 points. The investors remained highly sensitive to the development of social unrest in Hong Kong, the interest rate trend, and the Sino-America trade negotiation and confrontation. In the second half, the market witnessed some monetary easing policies in both China and USA. The global equity markets started to rebound in early December on the news of reaching a partial agreement on the Sino-USA trade deal. Hang Sang Index rebound headed upward across the year end. Nonetheless, the market was soon overshadowed by the worries of global economic slowdown on the widespreading of the coronavirus outside China especially in Korea, Iran and Italy and the sudden outbreak of oil price war. Dow Jones slid more than 20% points in few days triggering panic sell off in Asia and Europe in the end of February of 2020. Despite the surprised emergency Fed cut of interest rate by half percentage and 1% consecutively coupled with massive US$700 billion quantitative easing program in early March, the investors remained bearish and liquidation of assets was decisive. Both equity and economic outlook look gloomy in period ahead.

Trading Business

The Group owns 60% interest in Shenzhen Qianhai Jiameijing Industrial Company Limited (深圳市前海嘉美靜實業有限公司) which principally engages in the business of trading, importing and exporting of electronic products. The trading business recorded revenue of approximately HK$508.8 million (2018: HK$896.1 million).

Oil and gas and mineral mining business

The Group owns 100% of the exploration, exploitation and operation rights as well as the profit sharing right of Madagascar Oilfield Block 2101 which is an onshore site with total area of 10,400 square kilometers in the northern part of Madagascar. Pursuant to the exploration, exploitation and oil and gas production sharing contract and depending on the rate of liquid petroleum production of Madagascar Oilfield Block 2101, the Group will share the remaining petroleum profit after government royalty and recovery of petroleum costs according to the sharing ratios in the range of 40% to 72.5% as set out in the profit sharing right.

The Group owns 65% interest in the rights granted under the Licence 253 in respect of Kenya Mine 253, an area of approximately 1,056 square kilometers situated in Kitui District Eastern Province, Kenya, and the Licence 341 in respect of Kenya Mine 341, an area of approximately 417 square kilometers situated in Nandi County, Kenya. Pursuant to the Licence 253 and relevant provisions of the Mining Act of Kenya, the Group is authorized to prospect, explore and mine industrial minerals (including but not limited to copper) in Kenya Mine 253. The Group was also granted the Licence 341 for prospecting and exploration of gold, iron ore and non-precious minerals in Kenya Mine 341.

PROSPECT

2020 is a year of challenge for the property industry in China, At the beginning of 2020, following the epidemic outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") spread from Wuhan, the whole country has united together to fight against the epidemic. The Group has responded quickly with comprehensive arrangements and collaborated with regional offices, subsidiaries and joint ventures, to stand in the frontline of epidemic prevention and control. However, the industry would also be exposed to a new opportunity of transformation and upgrade into a modern industry in pursuit of high-quality property development. The Company believes it will enjoy more development opportunities after such a challenging time. The Group will continue to expand its business into property development and investment alongside its existing trading, energy-related and financial services businesses. Especially, the new property development business in Maoming, China. It will be the growth factor of the Group in the years to come. The Group's enlarging and strengthening property development business will benefit the Company's future business development beyond the energy-related sector and is in the best interests of the Company and the Shareholders as a whole.

FINANCIAL REVIEW

Revenue

During the financial year, the total revenue for the Group of continuing operation was approximately HK$538.0 million, representing a decrease of approximately HK$404.5 million as compared with HK942.5 million in 2018. This was mainly due to the decrease in sale of electronic products during the year.

Administration expenses

Administrative expenses decreased to approximately HK$63.9 million in 2019 from approximately HK$65.7 million in 2018, representing a year-on-year decrease of 2.7%.

EVENTS AFTER REPORTING DATE

On 8 March 2020, the Group conditionally agreed to acquire 100% of the issued share capital of Dongguan Sanhe Industrial Investment Limited (the "Target Company") and its subsidiary (the "Target Group") at the total consideration of RMB1.0 billion, which will be satisfied as to (i) RMB330 million by cash; and (ii) RMB670 million by the issue and allotment of the new shares of the Company (the "Consideration Shares") at the issue price of HK$0.85 per Consideration Share by the Company to the vendors.

The Target Group is principally engaged in industrial investment, property investment and real estate investment. The Target Company owns the land use rights of three parcels of land (the "Lands") for villa use granted on a term expiring in August 2068.

The Lands are located in Shuidong Development Zone, Maogang District, Maoming City, the PRC（中國茂名市茂港區水東開發區）with a total site area and total planned gross floor area of approximately 166,000 sq.m. and 414,000 sq.m. respectively. The Lands are expected to be developed for high-end sea-view villa and serviced apartments project.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2019, the Group's cash and cash equivalents (excluding the restricted cash) were approximately HK$20.7 million (2018: approximately HK$41.2 million).

The net current assets of the Group were HK$1.5 billion (31 December 2018: HK$1.8 billion), which consisted of current assets of HK$2.1 billion (31 December 2018: HK$2.3 billion) and current liabilities of approximately HK$639.8 million (31 December 2018: HK$483.3 million), representing a current ratio of 3.28 (31 December 2018: 4.76).

The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. As at 31 December 2019, the Group's other borrowings and corporate bonds amounted to approximately HK$334,531,000 (31 December 2018: HK$340,090,000).

The gearing ratio of the Group as at 31 December 2019 (defined as total interest-bearing liabilities divided by the Group's total equity) was 0.09 (31 December 2018: 0.11).

CORPORATE BONDS

In 2019, the Group has issued corporate bonds in an aggregate principal amount of HK$8 million and as at 31 December 2019, the accumulated principal amount of corporate bonds was HK$29 million bearing interest rate of 7% per annum with maturity between 2021 to 2025. Such bonds are subsequently measured at amortised cost using effective interest method. Imputed interest of approximately HK$2,061,000 was recognised in the profit or loss during the year (2018: HK$1,718,000). The issuance of the Corporate Bonds will not result in any dilution on the shareholding of the existing shareholders of the Group.

EXCHANGE RATE RISK

The Group undertakes certain operating transactions in foreign currencies, which expose the Group to foreign currency risk, mainly to the risk of fluctuations in the Hong Kong dollar and U.S. dollar against RMB. We have not used any derivative contracts to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

FINANCE COSTS

The Group's finance costs consisted mainly of interest expenses on corporate bonds, term loan and other borrowings. The aggregate amount of interest incurred was approximately HK$30.6 million (2018: HK$30.2 million) for the year.

CONTINGENT LIABILITIES

The Company has given guarantee to bank in respect of the securities margin financing facilities granted to subsidiary. As at 31 December 2019, no such facilities were utilised by the subsidiary to facilitate daily operation (31 December 2018: nil).

CHARGE ON ASSETS

In 2019, the term loan of HK$250 million were secured by (i) the guarantee from Guangdong Hoifu Wai Yip Investment Management Limited（廣東凱富偉業投資管理有限公司）; (ii) the personal guarantee from the Guarantor (Dr. Hui Chi Ming) and Beijing Yinghe Property Development Limited（北京盈和房地產綜合開發有限公司）respectively; and (iii) the charge/pledge to be granted by several subsidiaries of the Company.

On the other hand, the Group held banking facilities from various banks as at 31 December 2019. The Group's banking facilities were secured by guarantees given by the Group's bank deposits and the Company. As at 31 December 2019, bank deposits amounting to approximately HK$5.3 million (31 December 2018: HK$5.3 million) were pledged to secure banking facilities granted to a subsidiary.

PURSUANT TO RULE 13.18 OF THE LISTING RULES

The Company obtained a term loan facility in an aggregate amount of HK$250,000,000 for a term of 36 months in 2017. Pursuant to the terms of the facility agreement, the occurrence of change of control event constitutes an event of default which the lender may cancel the facility.

HUMAN RESOURCES

As at 31 December 2019, continuing operation of the Group employed a total of 174 staff (2018: 153) of which 20 were commission based (2018: 20) and the total related staff cost amounted to HK$34,508,000 (2018: HK$33,431,000). The Group's long-term success rests primarily on the total integration of the company core value with the basic staff interest. In order to attract and retain high caliber staff, the Group provides competitive salary package and other benefits including mandatory provident fund, medical schemes and bonus. The future staff costs of the sales will be more directly linked to the performance of business turnover and profit. The Group maintained organic overhead expenses to support the basic operation and dynamic expansion of its business enabling the Group to respond flexibly with the changes of business environment.

CAPITAL STRUCTURE

On 24 Oct 2019, the convertible bonds have been redeemed with the aggregate principal amount approximately of RMB91,170,000.

As at 31 December 2019, the total number of issued ordinary shares of the Company was 4,000,000,000 shares of HK$0.10 each (31 December 2018: 4,000,000,000 shares of HK$0.10 each).

CHANGES OF INDEPENDENT NON-EXECUTIVE DIRECTOR

With effect from 25 February 2019, Mr. Chan Tsang Mo has been appointed as an Independent non-executive Director of the Company and Mr. Chen Wei-Ming Eric has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 10 May 2019, Mr. Ma Kin Ling has been appointed as an Independent nonexecutive Director of the Company and Mr. Yim Kai Pung has tendered his resignation as an independent non-executive Director of the Company respectively.

With effect from 19 August 2019, Mr. Tam Chak Chi has been appointed as an Independent non-executive Director of the Company and Mr. Ng Chi Kin David has tendered his resignation as an independent non-executive Director of the Company respectively.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the financial year, the Company has adopted the Model Code under Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code and the Code during the financial year.

CORPORATE GOVERNANCE

The Company is aware of the importance that complying with the relevant statutory and regulatory requirements and maintaining good corporate governance standards are important to the effective and efficient operation of the Company. The Company has, therefore, adopted and implemented relevant measures to ensure that the relevant statutory and regulatory requirements are complied with and that a high standard of corporate governance practices is maintained. In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, throughout the accounting period covered by the interim report except for the deviation from code provision A.4.2. of the Code which every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, according to Bye-laws of the Company, the Chairman or Managing Director are not subject to retirement by rotation or taken into account on determining the number of Directors to retire. As continuation is a key factor to the successful implementation of any long-term business plans, the Board believes that the roles of Chairman and Managing Director provides the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategies, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

REVIEW OF UNAUDITED ANNUAL RESULTS

The Company's auditor informed the Company that the auditing process for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in parts of China to combat the COVID-19 outbreak. Most of the audit work had been completed except for site visits, inspections of original and source documents. An announcement relating to the audited results will be made after the remaining auditing process has been completed by the auditor in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants as soon as practicable.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

FINAL DIVIDEND

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

PUBLICATION OF 2019 UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The 2019 unaudited annual results announcement is published on the website of the Company at www. hkfihg.com under the section "Announcement" of Corporate Information and Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk "Latest Listed Company Information". The 2019 annual report will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Hong Kong Finance Investment Holding Group Limited
Dr. Hui Chi Ming, *G.B.S., J.P.*
Chairman

Hong Kong, 21 March 2020

As at the date of this announcement, the Honorary Chairman and Senior Consultant of the Company is Dr. Yukio Hatoyama; the Board comprises eight executive Directors, namely, Dr. Hui Chi Ming, G.B.S., J.P., Mr. Neil Bush, Dr. Chui Say Hoe, Mr. Xu Jun Jia, Mr. Cao Yu, Mr. Ren Qian, Mr. Lam Kwok Hing, M.H., J.P. and Mr. Nam Kwok Lun; and four independent non-executive Directors, namely, Mr. Chan Tsang Mo, Mr. Ngan Kam Biu, Stanford, Mr. Tam Chak Chi and Mr. Ma Kin Ling.