OSHIDORI INTERNATIONAL HOLDINGS LIMITED
威華達控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 622)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "**Board**") of Oshidori International Holdings Limited (the "**Company**") announces the audited consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019 as follows:

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 HK$'000	2018 HK$'000
Revenue	3	**282,333**	(94,493)
Other income	4	**26,428**	75,714
Other gains and losses			
– Write-off of non-refundable deposit paid for purchase of a debt investment	5	**(30,000)**	–
– Loss on settlement of loan receivables	5	**(109,550)**	–
– Recovery of doubtful consideration receivables	5	**145,566**	–
– Other items	5	**20,601**	15,365
Net unrealised fair value (loss) gain on financial assets at fair value through profit or loss ("FVPL")	7	**(419,809)**	183,199
Net impairment loss in respect of loan receivables	16	**(92,431)**	(9,945)
Depreciation of property and equipment and right-of-use assets		**(30,295)**	(20,821)
Employee benefits expenses	7	**(51,486)**	(25,035)
Other expenses		**(96,178)**	(89,031)
Share of results of associates	14	**(2,856)**	(1,812)
Finance costs	6	**(38,424)**	(54,382)
Loss before taxation	7	**(396,101)**	(21,241)
Income tax credit	8	**36,087**	19,865
Loss for the year		**(360,014)**	(1,376)
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss			
Fair value change on financial assets designated at fair value through other comprehensive income ("Designated FVOCI")	12	**211,392**	(1,073,983)
Items that are reclassified or may be reclassified subsequently to profit or loss			
Fair value change on financial assets mandatory at fair value through other comprehensive income ("Mandatory FVOCI")		**(560)**	–
Exchange differences arising on translation to presentation currency		**(9,231)**	(48,644)
		(9,791)	(48,644)
Total other comprehensive income (loss) for the year		**201,601**	(1,122,627)
Total comprehensive loss for the year		**(158,413)**	(1,124,003)

	Note	2019 HK$'000	2018 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(360,031)**	21,035
Non-controlling interests		**17**	(22,411)
		(360,014)	(1,376)
Total comprehensive loss attributable to:			
Owners of the Company		**(152,357)**	(1,047,261)
Non-controlling interests		**(6,056)**	(76,742)
		(158,413)	(1,124,003)
		HK cents	*HK cents*
(Losses) Earnings per share	*10*		
Basic		**(6.19)**	0.50
Diluted		**(6.19)**	0.50

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Non-current assets			
Property and equipment		**260,214**	78,641
Right-of-use assets	*11*	**16,715**	–
Financial assets at fair value through other comprehensive income ("FVOCI")	*12*	**3,007,433**	1,953,087
Interests in associates	*14*	**2,324**	5,207
Intangible assets		**3,908**	3,908
Other deposits		**503**	4,316
Loan receivables	*16*	**210,653**	22,098
Deposit paid for acquisition of property and equipment		**–**	140,000
		3,501,750	2,207,257
Current assets			
Trade, loan and other receivables	*16*	**473,543**	709,262
Income tax recoverable		**17,050**	2,757
Promissory note receivable	*13*	**–**	192,229
Financial assets at FVPL	*17*	**2,132,047**	2,585,350
Other investment	*15*	**–**	171,233
Bank balances – trust and segregated accounts		**19,928**	10,297
Cash and cash equivalents		**695,894**	1,390,337
		3,338,462	5,061,465
Current liabilities			
Trade and other payables	*18*	**470,806**	510,260
Lease liabilities	*19*	**10,521**	–
Income tax payable		**1,674**	1,017
Loan payable	*20*	**150,855**	–
Promissory note payable	*21*	**–**	193,770
		633,856	705,047
Net current assets		**2,704,606**	4,356,418
Total assets less current liabilities		**6,206,356**	6,563,675

	Note	**2019**	2018
		HK$'000	*HK$'000*
Non-current liabilities			
Deferred taxation		**25,532**	64,257
Lease liabilities	*19*	**6,335**	–
		31,867	64,257
NET ASSETS		**6,174,489**	6,499,418
Capital and reserves			
Share capital		**290,588**	290,588
Reserves		**5,879,530**	6,123,427
Equity attributable to owners of the Company		**6,170,118**	6,414,015
Non-controlling interests		**4,371**	85,403
TOTAL EQUITY		**6,174,489**	6,499,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL

Oshidori International Holdings Limited *(formerly known as Enerchina Holdings Limited) (the "Company")* is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (together the "Group") principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong 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 (the "Listing Rules").

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2018 consolidated financial statements except for the adoption of the following new / revised HKFRSs that are relevant to the Group and effective from the current year.

Adoption of new / revised HKFRSs

Annual Improvements Project – 2015-2017 Cycle

HKAS 12: Income tax consequences of payments on financial instruments classified as equity

The amendments clarify that (a) the income tax consequences of dividends are recognised in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated the distributable profits were originally recognised and (b) these requirements apply to all income tax consequences of dividends as defined in HKFRS 9.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HK(IFRIC)-Int 23: Uncertainty over Income Tax Treatments

The Interpretation supports the requirements in HKAS 12 Income Taxes by specifying how to reflect the effects of uncertainty in accounting for income taxes.

The adoption of the Interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 28 Investments in Associates and Joint Ventures

The amendments clarify that long-term interests in an associate or joint venture, to which the equity method is not applied, are accounted for using HKFRS 9.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

HKFRS 16: Leases

HKFRS 16 replaces HKAS 17 and related Interpretations for annual periods beginning on or after 1 January 2019. It significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

In accordance with the transitional provisions, the Group has applied HKFRS 16 for the first time at 1 January 2019 (i.e. the date of initial application, the "DIA") using the modified retrospective approach in which comparative information has not been restated. Instead, the Group recognised the cumulative effect of initially applying HKFRS 16 as an adjustment to the balance of accumulated profits or other component of equity, where appropriate, at the DIA.

The Group also elected to use the transition practical expedient not to reassess whether a contract was, or contained, a lease at the DIA and the Group applied HKFRS 16 only to contracts that were previously identified as leases applying HKAS 17 and to contracts entered into or changed on or after the DIA that are identified as leases applying HKFRS 16.

As lessee

Before the adoption of HKFRS 16, lease contracts were classified as operating or finance lease in accordance with the Group's accounting policies applicable prior to the DIA.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transition provisions of HKFRS 16 and the Group's accounting policies applicable from the DIA.

As lessee - leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for leases previously classified as operating leases at the DIA, except for leases for which the underlying asset is of low value, and the Group applied the following practical expedients on a lease-by-lease basis.

(a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) Excluded initial direct costs from the measurement of the right-of-use assets at the DIA.

(c) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

At the DIA, except for those that were previously or will be accounted for as investment property using the fair value model, right-of-use assets were, on a lease-by-lease basis, measured at either,

(a) their carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the DIA; or

(b) an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised immediately before the DIA.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the DIA. The weighted average incremental borrowing rate applied to the lease liabilities at the DIA is 5.31%.

Reconciliation of operating lease commitments disclosed applying HKAS 17 at 31 December 2018 and lease liabilities recognised at the DIA is as follows:

	HK$'000
Operating lease commitments at 31 December 2018	10,792
Discounted using the lessee's incremental borrowing rate at the DIA	10,523
Less: Short-term leases	(1,649)
Lease liabilities at 1 January 2019	8,874

As lessee

At the DIA, all right-of-use assets were presented within the line item "right-of-use assets" on the consolidated statement of financial position. Besides, lease liabilities including those previously presented under "interest-bearing borrowings" were shown separately on the consolidated statement of financial position.

Summary of effect of the changes in accounting policies

The following table summarises the impact of transition to HKFRS 16 as at 1 January 2019:

	31 December 2018 *HK$'000*	Effect on adoption of HKFRS 16 *HK$'000*	1 January 2019 *HK$'000*
Non-current assets			
Right-of-use assets	–	8,874	8,874
Current liabilities			
Lease liabilities	–	7,298	7,298
Non-current liabilities			
Lease liabilities	–	1,576	1,576
	–	8,874	8,874

3. REVENUE AND SEGMENT INFORMATION

(A) Revenue

	Note	**2019**	2018
		HK$'000	*HK$'000*
Fee and commission income		**1,588**	2,541
Advisory and other fee income		**530**	330
Net gain (loss) on sales of financial assets at FVPL	*(a)*	**99,420**	(301,237)
Interest income from:			
– margin clients		**29,863**	16,408
– loan receivables		**49,382**	22,372
– listed bonds at FVPL		**8,222**	3,608
– unlisted convertible notes at FVPL		**5,505**	–
– listed bonds at Mandatory FVOCI		**590**	–
– financial assets at amortised cost		**–**	271
		93,562	42,659
Dividend income from			
– financial assets at FVPL		**28,841**	95,498
– Designated FVOCI held at the reporting date		**58,327**	55,109
– Designated FVOCI derecognised during the reporting period		**65**	10,607
		87,233	161,214
	(b)	**282,333**	(94,493)

Notes:

(a) The amount represented the proceeds from the sale of financial assets at FVPL of HK$1,213,980,000 (2018: HK$1,372,636,000) less relevant costs and carrying value of the investments sold of HK$1,114,560,000 (2018: HK1,673,873,000).

(b) In addition to the information shown in segment disclosures, the revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial services (Defined in note (B) below)	
	2019	2018
	HK$'000	*HK$'000*
Timing of revenue recognition:		
Fee and commission income		
– at a point in time	**1,588**	2,541
Advisory and other fee income		
– over time	**530**	330
Total revenue from contracts with customers within HKFRS 15	**2,118**	2,871

(B) Segment information

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

(a) the provision of securities brokerage and provision of financial, consultancy and corporate financial advisory services ("financial services");

(b) securities trading and investments; and

(c) money lending.

Segment revenue and results

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

For the year ended 31 December 2019

	Financial services	Securities trading and investments	Money lending	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Revenue from financial services	**31,981**	**–**	**–**	**31,981**
Revenue from securities trading and investments	**–**	**200,970**	**–**	**200,970**
Revenue from money lending	**–**	**–**	**49,382**	**49,382**
Total revenue	**31,981**	**200,970**	**49,382**	**282,333**
Net unrealised fair value loss on financial assets at FVPL	**–**	**(419,809)**	**–**	**(419,809)**
Segment revenue	**31,981**	**(218,839)**	**49,382**	**(137,476)**
Segment gain (loss)	**10,978**	**(311,826)**	**(192,576)**	**(493,424)**
Unallocated other income				**16,124**
Net exchange gain				**17,505**
Unallocated other gains and losses				**142,256**
Share of results of associates				**(2,856)**
Unallocated finance costs				**(12,412)**
Central corporate expenses				**(63,294)**
Loss before taxation				**(396,101)**

For the year ended 31 December 2018

	Financial services *HK$'000*	Securities trading and investments *HK$'000*	Money lending *HK$'000*	Consolidated *HK$'000*
Revenue				
Revenue from financial services	19,279	–	–	19,279
Revenue from securities trading and investments	–	(136,144)	–	(136,144)
Revenue from money lending	–	–	22,372	22,372
Total revenue	19,279	(136,144)	22,372	(94,493)
Net unrealised fair value gain on financial assets at FVPL	–	183,199	–	183,199
Segment revenue	19,279	47,055	22,372	88,706
Segment loss	(14,042)	(20,932)	(10,379)	(45,353)
Unallocated other income				61,296
Net exchange loss				(29,834)
Unallocated other gains and losses				44,259
Share of results of associates				(1,812)
Unallocated finance costs				(12,292)
Central corporate expenses				(37,505)
Loss before taxation				(21,241)

Segment revenue includes revenue from financial services, securities trading and investments and money lending operations. In addition, the chief operating decision makers also consider net unrealised fair value (loss) gain on financial assets at FVPL as segment revenue.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of certain other income, certain other gains and losses, share of results of associates, certain finance costs and the central corporate expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income on:		
– bank deposits	**3,331**	35,352
– promissory note receivable *(Note 13)*	**7,771**	13,853
– other investment	**4,832**	11,969
– others	**59**	368
	15,993	61,542
Forfeiture of non-refundable deposit received upon termination of contract	**–**	10,222
Referral fee	**5,501**	–
Others	**4,934**	3,950
	26,428	75,714

5. OTHER GAINS AND LOSSES

		2019	2018
	Note	*HK$'000*	*HK$'000*
Bad debt written off		**(10,671)**	(25)
Net exchange gain (loss)		**17,505**	(29,834)
Amortisation of deferred day-one gain	*17(b)*	**10,692**	–
Loss on disposal of property and equipment		**–**	(24,292)
Gain on disposal of financial assets at amortised cost		**–**	965
Net gain on disposal of subsidiaries		**–**	136,680
Loss on disposal of an associate		**–**	(68,129)
Loss on deemed disposal of an associate	*14*	**(3,310)**	–
Gain on conversion of unlisted convertible notes at FVPL	*17(b)*	**6,385**	–
Recovery of doubtful consideration receivables	*(a)*	**145,566**	–
Write-off of non-refundable deposit paid for purchase of a debt investment		**(30,000)**	–
Loss on settlement of loan receivables		**(109,550)**	–
		26,617	15,365

Notes:

(a) During the year ended 31 December 2011, the Group disposed of its 100% equity interest in a subsidiary to CNOOC Gas & Power Group (the "CNOOC Gas"). The total consideration of disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in 4 instalments. Up to 31 December 2013, the outstanding payments of second and fourth instalment were RMB120,000,000 and RMB31,129,000 respectively while the outstanding payment of third instalment was RMB206,513,000 which was subject to adjustment in accordance with the results of supplemental audit. The directors of the Company are of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit is uncertain and hence the settlement of outstanding instalments cannot be estimated with reasonable certainty, the total outstanding instalments of RMB357,642,000 (equivalent to approximately HK$429,858,000) was fully written down by the Group during the year ended 31 December 2012 and 2013. In 2014, the Group started to take legal action against CNOOC Gas to recover the outstanding instalments.

In December 2017, the Group received a civil judgement in favour of the Group in relation to the litigation on the disposal, pursuant to which the Group was judged to receive approximately RMB85,545,000 (equivalent to approximately HK$102,327,000), which is the outstanding balance of second and fourth instalment of approximately RMB151,129,000 after deducting other tax expenses of approximately RMB65,584,000, together with related interest of approximately RMB28,326,000 (equivalent to approximately HK$33,883,000) which were subsequently settled in February 2018.

In April 2019, the Group further received a civil judgement in favour of the Group, pursuant to which the Group was judged to receive approximately RMB113,486,000, which is the outstanding balance of third instalment of approximately RMB206,513,000 after deducting other expenses of approximately RMB93,027,000, together with related tax subsidies of approximately RMB29,066,000. Up to 31 December 2019, approximately RMB127,624,000 (equivalent to approximately HK$145,566,000) was received from CNOOC Gas for settlement of judged consideration receivables of the third instalment of approximately RMB113,486,000 (equivalent to approximately HK$129,102,000) and tax subsidies of approximately RMB21,025,000 (equivalent to approximately HK$24,335,000) after deducting withholding tax of approximately RMB6,887,000 (equivalent to approximately HK$7,871,000).

The judgement of the tax subsidies is under the proceeding of second instance, the unsettled tax subsidies of approximately RMB8,041,000 is awaiting a further decision from the court. Based on the legal opinion of the Group's lawyers in the People's Republic of China ("the PRC"), the directors are of the opinion that the outcomes are uncertain.

6. FINANCE COSTS

	Note	**2019** *HK$'000*	2018 *HK$'000*
Interest on loan payable		**5,770**	23,943
Interest on margin financing		**25,914**	18,147
Interest on the promissory note payable	*21*	**6,230**	12,292
Imputed interest on lease liabilities		**510**	–
		38,424	54,382

7. LOSS BEFORE TAXATION

This is stated after charging (crediting):

	2019 *HK$'000*	2018 *HK$'000*
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	**26,113**	24,360
Retirement benefit scheme contributions	**653**	675
Share-based payment expenses	**24,720**	–
	51,486	25,035
Auditor's remuneration	**2,080**	2,020
Net unrealised fair value loss (gain) on financial assets at FVPL	**419,809**	(183,199)
Entertainment expenses	**6,787**	21,886
Legal and professional fees	**11,409**	8,294
Marketing expenses	**20,138**	16,768
Business development expenses	**33,152**	621

8. INCOME TAX CREDIT

The two-tiered profits tax rates regime have been implemented from 1 April 2018, under which, the profit tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2019 and 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2019	2018
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
– Current year	**811**	47,071
– Under provision in prior year	**1,827**	–
	2,638	47,071
Deferred taxation		
Origination and reversal of temporary difference	**(38,725)**	(66,936)
Income tax credit	**(36,087)**	(19,865)

9. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2019.

The directors of the Company have declared and paid a final dividend in respect of the year ended 31 December 2018 of HK$0.015 per share amounting to approximately HK$87,177,000 during the year ended 31 December 2019 (2018: declared and paid a final dividend of approximately HK$29,059,000 in respect of the year ended 31 December 2017).

During the year ended 31 December 2019, the directors of the Company have declared and paid an interim dividend of HK$0.005 per share amounting to approximately HK$29,059,000 in respect of the six months ended 30 June 2019 (2018: declared and paid an interim dividend of approximately HK$29,059,000 in respect of the six months ended 30 June 2018).

10. (LOSSES) EARNINGS PER SHARE

The calculation of the basic and diluted (losses) earnings per share is based on (loss) profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the year as follows:

(Losses) Earnings

	2019	2018
	HK$'000	*HK$'000*
(Loss) Profit for the year attributable to equity shareholders of the Company, for the purpose of basic and diluted (losses) earnings per share	**(360,031)**	21,035

Number of shares

	2019	2018
Weighted average number of ordinary shares, for the purpose of basic and diluted (losses) earnings per share	**5,811,766,282**	4,211,540,224

Note:

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2018 has been adjusted to reflect the effect of rights issue during the year ended 31 December 2018 but there is no impact on the respective calculation before the date of rights issue as there is no bonus element in such rights issue.

The computation of diluted (losses) earnings per share for the year ended 31 December 2019 and 2018 did not assume the exercise of certain share option since their assumed exercise during the years would have an anti-dilutive effect on the basic (losses) earnings per share amount presented.

11. RIGHT-OF-USE ASSETS

	Note	Buildings *HK$'000*
Reconciliation of carrying amount – year ended 31 December 2019		
At beginning of the year – upon adoption of HKFRS 16	*2*	**8,874**
Additions		**18,037**
Depreciation		**(10,196)**
At the end of the reporting period		**16,715**
At 31 December 2019		
Cost		**26,911**
Accumulated depreciation		**(10,196)**
Net carrying amount		**16,715**

The Group leases various premises for its daily operations. Lease terms are 2 years with no renewal or termination option. The interest expenses on lease liabilities are set out in note 6 to the consolidated financial statements.

The Group has recognised the following amounts for the year:

	2019 ***HK$'000***	2018 *HK$'000*
Lease payments:		
Short-term leases	**2,280**	–
Operating lease payments	**–**	10,631
Expenses recognised in profit or loss	**2,280**	10,631
Lease payments on lease liabilities	**10,565**	–
Total cash outflow for leases	**12,845**	10,631

Commitments under leases

At 31 December 2019, the Group was committed to HK$1,686,000 for short-term leases.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	HK$'000
Within one year	9,258
In the second to fifth years inclusive	1,534
	10,792

12. FINANCIAL ASSETS AT FVOCI

	Note	**2019** **_HK$'000_**	2018 *HK$'000*
Designated FVOCI			
Equity securities - listed			
Listed in Hong Kong		**2,096,293**	1,165,840
Listed in the United States		**45,855**	104,645
		2,142,148	1,270,485
Equity securities - unlisted	*(b)*	**846,686**	682,602
	(a)	**2,988,834**	1,953,087
Mandatory FVOCI			
Debt securities - listed			
Listed in Singapore	*(c)*	**18,599**	–
		3,007,433	1,953,087

Notes:

(a) At 1 January 2018, the Group irrevocably designated certain investments in equity securities as Designated FVOCI because these equity securities represent investments that the Group intends to hold for long term for strategic purposes. The Group considers the accounting treatments under this classification provide more relevant information for those investments.

During the year ended 31 December 2019, Designated FVOCI with fair value of HK$208,179,000 (2018: HK$480,121,000) were disposed because they no longer matched with the Group's investment strategy. The cumulative gain of HK$18,858,000 (2018: HK$9,871,000) that was previously included in the investment revaluation reserve (non-recycling) was transferred directly to retained earnings during the year ended 31 December 2019.

During the year ended 31 December 2019, the net fair value gain on Designated FVOCI of HK$211,392,000 (2018: net fair value loss of HK$1,073,983,000) was recognised in other comprehensive income.

The fair values of the listed investments are determined on the basis of quoted market price at the end of the reporting period.

(b) As at 31 December 2019, the amount represented the investments in unlisted equity securities issued by private entities. Included in the unlisted investments as at 31 December 2019, the Group held approximately 2.95% (2018: 2.95%) of the issued shares of Co-Lead Holdings Limited ("Co-Lead") in the amount of HK$85,398,000 (2018: HK$110,708,000) and 11.68% (2018: 10.34%) of the issued shares of Satinu Resources Group Limited ("Satinu") in the amount of HK$604,705,000 (2018: HK$406,083,000), which are companies incorporated in the British Virgin Islands ("BVI"). Co-Lead and its subsidiaries principally engage in securities trading and investment holding business in Hong Kong and Satinu and its subsidiaries principally engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments in Hong Kong.

The fair values of the unlisted investments are determined based on valuations carried out by an independent qualified professional valuer.

(c) The Group held listed debt securities with principal amount of US$2,500,000 (equivalent to approximately HK$19,450,000) at 31 December 2019 which bear interest of 9.5% per annum and will be due in April 2022. During the year ended 31 December 2019, the net fair value loss on Mandatory FVOCI of US$72,000 (equivalent to approximately HK$560,000) was recognised in other comprehensive income. The fair value of the Mandatory FVOCI is determined on the basis of quoted market price at the end of the reporting period.

13. PROMISSORY NOTE RECEIVABLE

The amount as at 31 December 2018 represented a zero-coupon promissory note issued to an independent third party on 18 January 2018 which is at principal amount of HK$200,000,000 maturing on 31 December 2019. During the year ended 31 December 2019, the Group recognised interest income of approximately HK$7,771,000 (2018: HK$13,853,000). At the end of the reporting period, the balance was fully settled.

14. INTERESTS IN ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Unlisted shares		
Shares of net assets	**2,205**	5,088
Goodwill	**119**	119
	2,324	5,207

Details of the associates at the end of the reporting period are as follows:

Name of entities	Country of incorporation	Principal place of operation	Class of shares held	Proportion of ownership interest held by the Group % 2019	2018	Principal activities
Eternal Billion Holding Group Limited ("Eternal")	BVI	Hong Kong	Ordinary	**25**	25	Investment holding, investment advisory and management services
Topwish Holdings Limited ("Topwish")	BVI	Hong Kong	Ordinary	**25**	25	Investment holding and trading and investment of securities

On 30 April 2019, the Group entered into a subscription agreement with Liberty Capital Limited ("Liberty"), an independent third party incorporated in Cayman Islands, to subscribe 440 newly issued shares of Liberty at a consideration of HK$59,840,000 which was settled by cash. Liberty and its subsidiaries principally engage in investment holding, securities brokerage and financial services, dealing in future contracts, asset management services, money lending and property holding in Hong Kong. The transaction was completed on the same day. Upon the completion of the acquisition, the Group had 30.56% equity interests in Liberty which became an associate of the Group.

In May 2019, Liberty issued 360 shares to a third party investor at a consideration of HK$48,960,000. Upon the completion of the share subscription, the Group's equity interests in Liberty reduced from 30.56% to 24.45%, resulting in a gain on deemed disposal of HK$325,000.

In December 2019, Liberty further issued 2,000 shares to a third party investor at a consideration of HK$270,000,000. Upon the completion of the share subscription, the Group's equity interests in Liberty further reduced from 24.45% to 11.58% and Liberty has no longer been an associate of the Group. The Group irrevocably designated the investment in Liberty as Designated FVOCI because the Group intends to hold for long term for strategic purposes. At the initial recognition as Designated FVOCI, the fair value of investment in Liberty was HK$56,557,000, resulting in a loss on deemed disposal of HK$3,635,000.

15. OTHER INVESTMENT

As at 31 December 2018, the other investment represented unlisted unit trusts in the PRC issued by an independent financial institution. The investment was in the principal amount of RMB150,000,000 (equivalent to approximately HK$171,233,000) with fixed interest rate of 7% per annum and maturity date in November 2019. The principal amount of the investment was early redeemed in February 2019, with no gain or loss recognised in profit or loss.

16. TRADE, LOAN AND OTHER RECEIVABLES

	Note	**2019**	2018
		HK$'000	*HK$'000*
Trade receivables			
Trade receivables arising from the business of securities brokerage			
– cash clients		**102**	83
– margin clients	*(b)*	**138,873**	241,301
– Hong Kong Securities Clearing Company Limited ("HKSCC")	*(c)*	**598**	22,768
	(a)	**139,573**	264,152
Trade receivable arising from the provision of corporate finance advisory services		**340**	10
		139,913	264,162
Loan receivables			
Loan and interest receivables			
– independent third parties		**475,053**	340,367
– a related party		**151,414**	–
		626,467	340,367
Less: Loss allowance		**(102,376)**	(9,945)
	(d)	**524,091**	330,422
Less: Non-current portion		**(210,653)**	(22,098)
Current portion		**313,438**	308,324
Other receivables			
Deposits with securities brokers	*(e)*	**886**	55,421
Other receivable from non-controlling shareholder		**–**	60,000
Other receivables, deposits and prepayments		**19,306**	21,355
		20,192	136,776
		473,543	709,262

The trade, loan and other receivables of HK$473,543,000 (2018: HK$709,262,000) are expected to be recovered within one year, except for the deposits of HK$13,525,000 (2018: HK$9,954,000).

Notes:

(a) No aging analysis by invoice date is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business. The Group offsets certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 8% to 30% (2018: 8% to 30%) per annum for year ended 31 December 2019. The loans are secured by pledged marketable securities with a total fair value of approximately HK$434,135,000 (2018: HK$1,376,032,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group. During the years ended 31 December 2019 and 2018, no margin loans were granted to the directors of the Company nor directors of subsidiaries.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) At the end of the reporting period, loan receivables include both fixed and variable rate loan advances to independent third parties and a related party of which approximately HK$160,916,000 (2018: HK$14,918,000) are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 3% to 48% (2018: 5% to 48%) per annum and have contractual loan period between 6 months and 30 years (2018: between 6 months and 12 years) under the Group's money lending operation. The remaining balance includes (i) a fixed rate loan advance to a related company of approximately HK$151,413,000 (2018: Nil) which is unsecured, bearing interest of 8% (2018: Nil) per annum and has contractual loan period of 18 months which is not overdue as at the end of reporting period; and (ii) both fixed and variable rate loan advances to independent third parties of approximately HK$211,762,000 (2018: HK$315,504,000) which are unsecured, bearing interest ranging from 5% to 36% (2018: 5% to 15%) per annum. The contractual loan period for majority of the unsecured loan receivables for third parties is between 3 months and 5 years (2018: between 3 months and 3 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. For the year ended 31 December 2019, net impairment loss of HK$92,431,000 is recognised for the loan receivables (2018: HK$9,945,000).

Aging analysis of loan receivables (net of loss allowance) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2019	2018
	HK$'000	*HK$'000*
Less than 1 month	**115,332**	100,556
1 to 3 months	**151,414**	205,949
4 to 6 months	**64,504**	–
7 to 12 months	**180,878**	217
Over 12 months	**11,963**	23,700
At the end of the reporting period	**524,091**	330,422

Aging analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not yet past due	**495,966**	330,357
Less than 1 month past due	**2,940**	–
4 to 6 months past due	**4,059**	–
7 to 12 months past due	**21,071**	–
Over 12 months past due	**55**	65
At the end of the reporting period	**524,091**	330,422

As at 31 December 2019, the Group recognised loss allowance of HK$102,376,000 (2018: HK$9,945,000) on its loan receivables. The movement in the loss allowance for loan receivables during the year is summarised below.

	2019			
	12-month ECL	**Lifetime ECL**		
	Performing	**Under-performing**	**Not performing**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At the beginning of the reporting period	**3,262**	**5,109**	**1,574**	**9,945**
Increase in allowance	**3,567**	**125,503**	**–**	**129,070**
Reversal of allowance upon recovery of loan	**–**	**(36,639)**	**–**	**(36,639)**
At the end of the reporting period	**6,829**	**93,973**	**1,574**	**102,376**

	2018			
	12-month ECL	Lifetime ECL		
	Performing	Under-performing	Not performing	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the reporting period, as previously reported	–	–	–	–
Effect of adoption of HKFRS 9	–	–	–	–
At the beginning of the reporting period, as restated	–	–	–	–
Increase in allowance	3,262	5,109	1,574	9,945
At the end of the reporting period	3,262	5,109	1,574	9,945

The management closely monitor the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

(e) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

17. FINANCIAL ASSETS AT FVPL

	Note	**2019**	2018
		HK$'000	*HK$'000*
Mandatorily measured at FVPL			
– Listed shares in Hong Kong		**2,022,155**	2,328,186
– Listed shares in the PRC		**–**	201,426
– Unlisted investment funds	*(a)*	**77,512**	55,738
– Unlisted convertible notes	*(b)*	**32,380**	–
		2,132,047	2,585,350

Notes:

(a) The unlisted investment funds are mainly subscribed from independent financial institutions. The portfolios of these funds mainly comprise securities listed in Hong Kong and overseas. The funds are redeemable at the discretion of the Group from time to time and the intention of holding them was for short-term investment.

(b) The unlisted convertible notes are subscribed from an independent third party at a consideration of HK$40,500,000 on 18 June 2019. The convertible notes are bearing coupon interest rate of 8% per annum in a principal amount of HK$81,000,000 which will mature on 31 December 2020. Based on conversion price of HK$0.05 per share, the Group could convert into a maximum of 1,620,000,000 ordinary shares of the issuer which is a listed entity.

At the date of purchase, the convertible notes was recognised at fair value of HK$78,880,000 which was determined based on valuation carried out by independent professional valuer. The difference between the transaction price and fair value of the convertible notes at purchase date of approximately HK$38,380,000 was adjusted to deferred day-one gain. Subsequently, the deferred day-one gain is amortised over the term of the convertible notes on straight line basis.

During the year ended 31 December 2019, the convertible notes at fair value of approximately HK$49,017,000, determined based on valuation carried out by an independent qualified professional valuer, with deferred day-one gain of approximately HK$11,122,000 were converted into listed shares of the note issuer at market value of HK$44,280,000, resulting in a gain on conversion of approximately HK$6,385,000. The Group irrevocably designated the shares as Designated FVOCI at the date of conversion.

During the year ended 31 December 2019, interest income from unlisted convertible notes at FVPL amounting to HK$1,197,000 was settled by scrip from the note issuer. The fair value of the shares at the date of distribution of interest is approximately HK$1,197,000 which is determined by the quoted market price. The Group irrevocably designated the shares as Designated FVOCI at the date of distribution of interest.

The fair value of the unlisted convertible notes is determined based on valuation carried out by independent qualified professional valuer at the end of reporting period.

The movement of the investment in unlisted convertible notes is as follows:

	Fair value	**Deferred day-one gain**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At date of purchase	78,880	(38,380)	40,500
Fair value change	43,460	–	43,460
Amortisation *(Note 5)*	–	10,692	10,692
Derecognition upon conversion	(49,017)	11,122	(37,895)
Derecognition upon disposal	(31,324)	6,947	(24,377)
At 31 December 2019	41,999	(9,619)	32,380

18. TRADE AND OTHER PAYABLES

	Note	**2019** *HK$'000*	2018 *HK$'000*
Trade payables			
Trade payables arising from the business of securities brokerage			
– cash clients	*(a)*	**1,711**	24,169
– margin clients	*(a)*	**20,754**	6,520
Secured margin loans from securities brokers	*(b)*	**415,516**	460,944
	16(a)	**437,981**	491,633
Other payables			
Other payables and accrued charges		**32,825**	18,627
		470,806	510,260

Notes:

(a) Trade payables to cash and margin clients are repayable on demand. In the opinion of the directors of the Company, no aging analysis is disclosed as the aging analysis does not give additional value.

(b) For secured margin loans from securities brokers, the loans are repayable on demand (except certain balances arising from trades pending settlement or margin deposits) and are interest-bearing at a range from 2.97% to 7.236% per annum (2018: 3.59% to 7.236% per annum). The total market value of debt and equity securities pledged as collateral in respect of the loans was approximately HK$2,318,260,000 (2018: HK$1,717,626,000) as at 31 December 2019.

19. LEASE LIABILITIES

At 31 December 2019, the weighted average discount rate applied was 4.52% per annum.

Commitments and present value of lease liabilities:

	Minimum lease payments 2019 *HK$'000*	**Present value of minimum lease payments 2019** *HK$'000*
Amounts payable:		
Within one year	11,044	10,521
In the second to fifth years inclusive	6,449	6,335
	17,493	16,856
Less: future finance charges	(637)	–
Total lease liabilities	16,856	16,856

20. LOAN PAYABLE

	2019 ***HK$'000***	2018 *HK$'000*
Unsecured borrowing		
– Other loan	**150,855**	–

Note:

The above loan from an independent third party as at 31 December 2019 is unsecured, interest bearing of 6.5% per annum and repayable within 1 year from drawdown date.

21. PROMISSORY NOTE PAYABLE

The amount as at 31 December 2018 represented unsettled portion of a zero-coupon promissory note with the principal amount of HK$320,000,000 maturing on 30 June 2019. It was issued by the Company relating to the acquisition of non-controlling interests in a subsidiary during the year ended 31 December 2018. During the year ended 31 December 2019, the Group recognised interest expenses of approximately HK$6,230,000 (2018: HK$12,292,000) and the balance was fully repaid by proceeds from rights issue in 2018.

22. ACQUISITION OF NON-CONTROLLING INTERESTS IN A SUBSIDIARY

On 4 April 2019, the Group acquired the remaining 37.5% equity interests of Noble Order Limited ("Noble Order") at consideration of HK$75,000,000 which was settled by cash. The acquisition was completed on the same date. Upon completion of the acquisition, Noble Order became a wholly owned subsidiary of the Company.

The carrying amount of the non-controlling interests in Noble Order at the date of acquisition was HK$74,976,000 which represented proportionate share of carrying amount of net assets of Noble Order. The Group derecognised the non-controlling interest of HK$74,976,000 and recognised directly in retained earnings attributable to owners of the Company of HK$24,000 for the difference between (1) the amount by which the non-controlling interests are adjusted and (2) the fair value of the consideration payable.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services, and (vi) margin financing services. The Group intends to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort projects.

BUSINESS REVIEW

For the year ended 31 December 2019, the Group's revenue surged to approximately HK$282.3 million, as compared with the negative amount of approximately HK$94.5 million over last year. The turnaround was mainly due to the net realised gain on financial assets at FVPL of approximately HK$99.4 million for the Year (2018: net realised losses of approximately HK$301.2 million), the 120.7% growth in money lending activities and the 82.0% increase in the interest income generated from margin financing activities, as compared to last year.

Loss for the year ended 31 December 2019 amounted to approximately HK$360.0 million compared with the loss of approximately HK$1.4 million for last year. Basic losses per share is HK6.19 cents, as compared with earnings per share of HK0.50 cents for last year.

The net loss of the Company was mainly attributable to the widened unrealised loss on financial assets at FVPL. The performance of the financial assets were strongly related to the turbulence of the Hong Kong stock market, which showed signs of recovery in 2019, while suffering a series of drastic decline at a later stage. The social unrest in Hong Kong, the escalation of Sino-US trade conflicts and the global influence of the Brexit negotiations were the key factors that jittered the market.

Brokerage Services

For the year ended 31 December 2019, the brokerage commission income generated from securities brokerage services decreased by 33.3% to approximately HK$1.6 million (2018: approximately HK$2.4 million), which was due to the volatile local stock market and negative global investment sentiments.

For the year ended 31 December 2019, the interest income generated from provision of margin financing services amounted to approximately HK$29.9 million (2018: approximately HK$16.4 million). The Group will continue to balance risk and return and maintain a cautious approach to the credit control of its margin financing business.

Money Lending

The money lending sector performed well during 2019. The interest income generated from money lending services soared by 120.7% to approximately HK$49.4 million for the year ended 31 December 2019 (2018: approximately HK$22.4 million).

The Group remains positive about its money lending business and will continue to provide high-quality services to its clients.

Placing and Underwriting Services

For the year ended 31 December 2019, Win Wind Securities Limited, a wholly owned subsidiary of the Company, has no placing and underwriting activities and no placement commission was generated (2018: nil).

The Group has maintained a cautious approach before committing to underwriting and placing services at times of market turbulence.

Corporate Finance

For the year ended 31 December 2019, corporate finance advisory fees increased by approximately 66.7% to approximately HK$0.5 million (2018: approximately HK$0.3 million).

Investment advisory

No investment advisory services income has been generated for the year ended 31 December 2019 (2018: nil).

Proprietary Trading and Investments Holding

The Group engages in proprietary trading of listed securities, listed bonds and unlisted investment funds, which are classified as financial assets at FVPL. The fair value of the portfolio amounted to approximately HK$2,132.0 million (2018: approximately HK$2,585.4 million), with a realised gain on sales of financial assets at FVPL of approximately HK$99.4 million was recognised (2018: realised loss of approximately HK$301.2 million). Dividend income decreased by approximately 45.9% to approximately HK$87.2 million (2018: approximately HK$161.2 million).

SIGNIFICANT INVESTMENTS

During the year, the Group's significant investments that were classified as Designated FVOCI and financial assets at FVPL were detailed as follows:

Name of investments	Notes	**Percentage of shareholding as at 31 Dec 2019**	Percentage of shareholding as at 31 Dec 2018	**Net gain (loss) for the year ended 31 Dec 2019**	Net gain (loss) for the year ended 31 Dec 2018	**Dividend received for the year ended 31 Dec 2019**	**Approximate% to the Group's total assets as at 31 Dec 2019**	Investment cost	**Market value as at 31 Dec 2019**	Market value as at 31 Dec 2018
		%	*%*	***HK$'000***	*HK$'000*	***HK$'000***	**%**	*HK$'000*	***HK$'000***	*HK$'000*
Designated FVOCI										
Unlisted shares in overseas										
– Satinu Resources Group Ltd.	1	**11.68**	10.34	**64,125**	(282,556)	**–**	**8.84**	500,000	**604,705**	406,083
Listed shares in Hong Kong										
– Shengjing Bank Co., Ltd. (stock code: 2066)	2	**8.12**	12.33	**501,600**	(528,200)	**23,309**	**16.81**	1,254,000	**1,149,500**	647,900
– ZhongAn Online P&C Insurance Co., Ltd. (stock code: 6060)	3	**3.40**	–	**24,625**	50	**–**	**6.56**	435,776	**448,546**	–
Financial assets at FVPL										
Listed shares in Hong Kong										
– Evergrande Health Industry Group Limited (stock code: 708)	4	**1.40**	1.38	**(302,317)**	532,344	**–**	**13.73**	513,768	**939,199**	1,224,413
– C C Land Holdings Limited (stock code: 1224)	5	**4.79**	3.54	**(16,471)**	13,410	**3,338**	**4.86**	355,320	**332,762**	259,662

The above table lists out the significant investments of the Group. To give details of other investments would result in particulars of excessive length.

The performance and prospects of the Group's significant investments during the period were detailed as follows:

1. **Satinu Resources Group Ltd. ("Satinu")**

   Satinu and its subsidiaries engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments. Given recent merger and acquisition deals of financial related companies by Chinese enterprises and low interest rate environment, Satinu has a strategic investment value.

2. **Shengjing Bank Co., Ltd. ("Shengjing") (Stock code: 2066)**

   Shengjing principally engages in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services as approved by the China Banking Regulatory Commission.

   By implementing a series of development initiatives, Shenjing will adopt a business strategy of strengthening internal operation and management and building a positive market image externally to deeply promote strategic transformation, to continuously optimize business models and to constantly enhance market competitiveness, creating a new pattern of healthy, favourable and sustainable development.

3. **ZhongAn Online P & C Insurance Co., Ltd. ("ZhongAn") (Stock code: 6060)**

   ZhongAn is the first Internet-based Insuretech company in PRC. Its insurance services include lifestyle consumption insurance, consumer finance insurance, health insurance, auto insurance and travel insurance.

   ZhongAn will continue to adhere to the two-winged strategy of "Insurance + Technology", incorporate technology development and innovation into the whole insurance value chain and optimize underwriting efficiency and user experience. ZhongAn will further optimize its business portfolio and enhance cost control to maintain high-quality growth, while commercializing its insurance technology strengths in domestic and overseas markets.

4. **Evergrande Health Industry Group Limited ("Evergrande Health") (Stock code: 708)**

   Evergrande Health principally engages in "Internet+" community health management, international hospitals, elderly care and rehabilitation, as well as the investment in high technology new energy vehicle manufacture.

Evergrande Health proactively implements the national strategy of "Healthy China", by initiating innovative services concept of integrating medical insurance with health management, medical care and elderly care, and built a membership platform. Evergrande Health developed and formulated the first all-rounded and all-aged healthcare service standard in China and created "Evergrande Elderly Care Valley". At present, "Evergrande Elderly Care Valley" has taken root in a number of livable cities across China. Evergrande Health also strives to become an industry development business leader in the wave of rapid growth in the global new energy vehicle industry.

5. **C C Land Holdings Limited ("CC Land") (Stock code: 1224)**

CC Land focuses on property investment and development business.

CC Land will continue to expand its property investments and development mainly in United Kingdom and Australia and take a prudent approach to leverage on its strong portfolio to ensure a steady and strong rental income.

Going forward, the Group expects that the stock markets in Hong Kong and the PRC will remain challenging for 2020, as the economies continue to show signs of slowing down. Even so, the Group will continue to pursue long-term business and profitability growth in line with its corporate mission and goals. The Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate buffer to meet the challenges ahead.

FINANCIAL POSITION

A portion of the Group's bank balances are denominated in USD and RMB in the amount of approximately HK$5.4 million and approximately HK$137.0 million respectively. The Group's financial services business is not exposed to significant foreign exchange risk as most of the transactions are denominated in HK$. No financial instruments were used for hedging purposes.

Capital commitments

As at 31 December 2019, the Group had no capital commitments in respect of the acquisition of property, and equipment.

UPDATE ON USE OF PROCEEDS IN RELATION TO RIGHTS ISSUE

On 28 March 2018, the Company announced a proposed rights issue on the basis of one rights share for every one share in issue at a subscription price of HK$0.45 per rights share to raise not less than HK$1,307.64 million (before expenses) and not more than HK$1,314.40 million (before expenses) (the "Rights Issue"). Details of the Rights Issue were set out in the announcement of the Company dated 28 March 2018 and the prospectus of the Company dated 28 June 2018. The Rights Issue was completed on 20 July 2018, and the issued share capital of the Company was increased from 2,905,883,141 shares to 5,811,766,282 shares.

Reference is made to the (i) the prospectus of the Company dated 28 June 2018; (ii) the 2018 interim report of the Company published on 19 September 2018; (iii) the announcement of the Company dated 3 January 2019; (iv) the 2018 annual report of the Company published on 24 April 2019; (v) the supplemental announcement of the Company dated 10 September 2019 and (vi) the 2019 interim report of the Company published on 28 August 2019. The details of the proposed use of proceeds, change in use of proceeds and the actual use of proceeds during the year are as follows:

			Proposed use of proceeds from the Rights Issue	**Change in use of proceeds from the Rights Issue** *(Note a)*	**Amount utilised**
			HK$'000	*HK$'000*	*HK$'000*
(i)	Business development of the Group's financial services				
	a)	provide additional resources to the Group's money lending business	300,000	–	300,000
	b)	provide additional resources to the Group's margin financing business	180,000	–	180,000
	c)	conduct marketing activities	10,000	(8,858)	1,142
	d)	hire high caliber professionals	10,000	(10,000)	–
			500,000	(18,858)	481,142
(ii)	Repayment of the outstanding principal and interest of the Group's loans due to third parties		325,000	–	325,000
(iii)	Operating expenses		100,000	–	100,000
(iv)	General working capital		–	18,858	18,858
(v)	Financing investment opportunities		23,418	–	23,418
(vi)	Repayment of the promissory note in relation to the acquisition of Win Wind *(Note b)*		320,000	–	320,000
Total			1,268,418	–	1,268,418

Notes:

(a) As disclosed in the announcement of the Company dated 3 January 2019, the Board reallocated being approximately HK$18.86 million (which was initially allocated for conducting marketing activities and hiring high caliber professionals), as general working capital of the Group, among which, approximately HK$3.28 million has been utilized in 2018 and the remaining amount of approximately HK$15.58 million has been utilised in 2019.

(b) During the financial year ended 31 December 2019, the amount of HK$200 million was utilised for repayment of the promissory note in relation to the acquisition of Win Wind.

MATERIAL TRANSACTIONS

Adoption of Share Award Scheme

On 23 September 2019, the Company announced a proposed adoption of the Share Award Scheme (the "Scheme"). The Scheme shall be valid and effective for a period commencing on the date when the Scheme is approved by the Shareholders at the SGM (the "Adoption Date") and ending on the tenth anniversary of the Adoption Date. The Board shall not make any further grant of Awarded Shares that will result in the total number of Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date.

Subject to the Scheme Limit, the maximum number of Awarded Shares which may be awarded by the Board in any financial year shall not be more than 3% of the issued share capital of the Company ("Annual Limit") provided that if the Annual Limit is not fully utilised in any financial year, further Awarded Shares may be awarded by the Board in subsequent financial year(s) up to such Annual Limit. The Annual Limit may be refreshed by Shareholders who are permitted under the Listing Rules to vote at a general meeting of the Company so that the Annual Limit so refreshed shall not exceed 3% of the issued share capital of the Company as at the date of the general meeting approving such refreshment. The maximum aggregate number of the Shares which may be awarded to a Selected Grantee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The objectives of the Scheme are: (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group's existing and other new potential business including integrated resort development; and (ii) to attract suitable personnel with relevant experience in the Group's existing and other new potential business including integrated resort development.

A Special General Meeting was held on 19 December 2019 and the Scheme was duly passed.

No share award was granted during the year ended 31 December 2019.

EVENT AFTER THE REPORTING PERIOD

Grant of Share Options and Awarded Shares in relation to proposed issuance of new shares

On 22 January 2020, the Board resolved to grant 120,000,000 Share Options to 10 Option Grantees under the 2012 Scheme, of which, (i) 100,000,000 Share Options will be granted to 9 independent Option Grantees; and (ii) 20,000,000 Share Options will be granted to Ms. Wong Wan Men Margaret ("Ms. Wong").

On 22 January 2020, the Board also resolved to award an aggregate of 95,000,000 Awarded Shares to the same 10 persons under the 2019 Scheme, of which, (i) 85,000,000 Awarded Shares will be awarded to 9 independent Grantees by way of issue and allotment of new Shares pursuant to the Specific Mandate; and (ii) 10,000,000 Connected Awarded Shares will be awarded to Ms. Wong by way of issue and allotment of new Shares pursuant to the Specific Mandate.

As Ms. Wong is a connected person of the Company, the issue and allotment of the Connected Awarded Shares to her constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and shall be subject to the approval by the Independent Shareholders. The SGM will be convened and held on 25 March 2020 to consider, and if thought fit, approve the issue and allotment of the Connected Awarded Shares to Ms. Wong.

LITIGATION

(a) Updates on the previous disposal of shares in Shenzhen Fuhuade Electric Power Co., Ltd. ("Fuhuade")

During the year ended 31 December 2011, the Group disposed of its 100% equity interest in Fuhuade to CNOOC Gas & Power Group (the "Buyer"). The total consideration of the disposal of RMB1,037,642,000 (equivalent to approximately HK$1,247,166,000) was payable in instalments, the payment of which was subject to finalisation and confirmation of the results of supplemental audit. As at 31 December 2012, the supplemental audit was not yet finalised and the outstanding instalments were not received from the Buyer. In view of this, the Group made a provision for doubtful consideration receivable of HK$93,132,000 for the year ended 31 December 2012.

As at 31 December 2013, the Group was still not able to secure a satisfactory conclusion on the supplemental audit. Under the circumstances, the Board is of the opinion that the timing and eventual outcome of the finalisation of the supplemental audit and hence the settlement of the outstanding instalments cannot be estimated with reasonable certainty. It is determined that the receivable amount should be fully provided for until such time as the eventual outcome can be reliably estimated. Accordingly, the Group fully wrote down the receivable amount of HK$255,185,000, being the amount of consideration receivable amounting to HK$358,921,000 as originally stated after deducting estimated other taxes payable arising from the disposal of the subsidiary of HK$103,736,000, in the profit and loss account for the year ended 31 December 2013.

On 20 December 2017, the Group received a civil judgement (廣東省深圳市中級人民法院民事判決書[2014]深中法涉外初字第59號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB85.5 million (equivalent to approximately HK$102.3 million) together with related interest of approximately RMB28.3 million (equivalent to approximately HK$34 million) (before tax).

On 16 April 2019, the Group received a civil judgment (廣東省深圳市中級人民法院民事判決書[2016]粵03民初第662號) in favour of the Group in relation to the litigation on the previous disposal of shares in Fuhuade, pursuant to which the Group is judged to receive approximately RMB113,486,000 (equivalent to approximately HK$129,102,000) (before tax).

Up to 31 December 2019, approximately RMB127,624,000 (equivalent to approximately HK$145,566,000) was received from CNOOC Gas for settlement of judged consideration receivables of the third instalment of approximately RMB113,486,000 (equivalent to approximately HK$129,102,000) and tax subsidies of approximately RMB21,025,000 (equivalent to approximately HK$24,335,000) after deducting withholding tax of approximately RMB6,887,000 (equivalent to approximately HK$7,871,000).

Apart from the above, the Group is still awaiting a second instance decision from the Guangdong Provincial People's High Court regarding the amount of fuel subsidy(廣東省深圳市中級人民法院[2016]粵03民初661號).

(b) Legal Proceeding against Mr. Qin Jun

On 6 May 2016, Win Wind Resources Limited ("Win Wind Resources"), a non-wholly owned subsidiary of the Company, commenced legal proceedings as creditor by filing a bankruptcy petition with the Court of First Instance of Hong Kong, against Mr. Qin Jun as debtor regarding an outstanding loan (and accrued interest) in the approximate sum of HK$54.99 million pursuant to a loan agreement dated 29 September 2014 made between Win Wind Resources as lender and Mr. Qin Jun as borrower (as supplemented by a supplementary agreement made between the parties dated 29 March 2015). Mr. Qin Jun was declared bankrupt by the Court of First Instance on 27 July 2016. Mr. Qin Jun subsequently filed an application to annul the bankruptcy order, however such application was dismissed by the Court of First Instance at a hearing on 10 April 2017 and costs relating to the application were ordered to be paid by Mr. Qin Jun to Win Wind Resources. On 5 May 2017, Mr. Qin Jun filed a Notice of Appeal with the Court of Appeal to appeal against the judgment made on 10 April 2017 by the Court of First Instance. The appeal was heard before the Court of Appeal on 15 August 2018 and it was dismissed with costs ordered to be paid by Mr. Qin Jun on an indemnity basis. On 12 September 2018, Mr. Qin Jun filed a Notice of Motion in the Court of Appeal for leave to appeal the judgement dated 15 August 2018 in the Court of Final Appeal. The application for leave was heard before the Court of Appeal on 16 November 2018 and it was dismissed with costs on an indemnity basis. On 14 December 2018, Mr. Qin Jun filed a Notice of Motion in the Court of Final Appeal for leave to appeal the judgment of the Court of Appeal. The Appeal Committee of the Court of Final Appeal by order dated 31 October 2019 dismissed Mr. Qin Jun's application for leave to appeal on the ground that it discloses no reasonable grounds for leave to appeal.

(c) Writs of Summons issued by Allied Weli Development Limited and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators of Allied Weli Development Limited")

Enerchine Corporate Finance Limited, Win Wind Capital Limited, Win Wind Investment (Holdings) Limited, Enerchine Nominee Limited and Win Wind Securities Limited, which as of the date hereof are wholly owned subsidiaries of the Company, have been named, inter alia, as defendants in two separate writ of summons in the High Court of Hong Kong (the "Writs") by the plaintiffs, Allied Weli Development Limited (in Liquidation) and John Howard Bachelor and Kenneth Fung as Joint and Several Liquidators (the "Liquidators") of Allied Weli Development Limited. The Liquidators have not served the Writs on the Defendant Parties. On 2 February 2018, the Group, through its legal advisors, requested the Liquidators to (i) serve the Writs of Summons on the Defendant Parties by 20 February 2018 as required under the Rules of the High Court (Order 12, rule 8A) or (ii) to discontinue the Writs against the Defendant Parties. On 15 February 2018, the Group received a letter from the Liquidator's lawyers stating, inter alia, that the Liquidators may ultimately decide not to pursue a claim against the Defendant Parties at all. As the Writs have not been served on the Defendant Parties, accordingly no provision has been made in the consolidated financial statements for the ended 31 December 2019. However, the management of the Company considers the Writs are not only groundless but the Liquidator's actions are a flagrant and calculated abuse of the law, designed solely to drag the Group's good name and good will through the Hong Kong Courts in the hopes of profiting. In the circumstances the management of the Company is considering countersuits against the Liquidators for damages and costs, however, the COVID-19 pandemic has delayed our actions thus far.

PROSPECTS

Triggered by the widespread coronavirus and oil shocks, global financial markets are in complete turmoil, gradually moving to a global recession. In addition, Hong Kong as a global financial center is also influenced by the slowdown of global economies, rising trade barriers, the increasing geopolitical tensions as well as the local social unrest. The full year business outlook of the Group in 2020 will be uncertain.

The anticipated market conditions further strengthen the Group's intention to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort ("IR") projects in other regions including but not limited to Japan.

As at the date of this announcement, certain prefectures of Japan expressed their interest in the establishment of an integrated resort and completed their respective request-for-concept (the "RFC") process. The Company registered as the participant of the RFC process in one of the prefectures in Japan and submitted a proposal to the relevant Japanese government authority in January 2020. The Company's RFC proposal features an overall concept of the proposed integrated resort including facility designs, marketing and operation policies.

As at the date of this announcement, the national government of Japan is finalizing its IR basic policy. Local governments will finalize and release their respective IR implementation policy in the near future. Therefore, the Company is vigorously monitoring relevant updates from the government authorities in Japan.

In addition, the Group will continue to adopt prudent capital management and liquidity risk management policies to preserve adequate buffer to meet the challenges ahead.

For more details of Oshidori IR business, please refer to our IR website:
https://oshidoriresorts.com

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: HK$0.015 per Share).

An interim dividend of HK$0.005 per share for the six months ended 30 June 2019 was paid on 30 September 2019, amounting to approximately HK$29.1 million.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM of the Company was scheduled to be held on Friday, 5 June 2020. The notice of AGM will be published on the Company's website at www.oshidoriinternational.com and the designated website of the Stock Exchange at www.hkexnews.hk in due course.

For determining the qualification as members of the Company to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 2 June 2020 to Friday, 5 June 2020, both days inclusive, during which period no transfers of shares will be registered. In order to qualify as members to attend and vote at the AGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 1 June 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed approximately 39 full time employees for its principal activities. The Group recognises the importance of high calibre and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2019.

CORPORATE GOVERNANCE

During the year, the Company has complied with the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

In accordance with the requirements of Appendix 27 of the Listing Rules, the Company has engaged our business functions to identified relevant environmental, social and governance issues and assessed their materiality to our business as well as our stakeholders, through reviewing our operations and holding internal discussions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2019, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors, namely, Mr. Cheung Wing Ping, Mr. Hung Cho Sing and Mr. Chan Hak Kan. The Audit Committee meets regularly with the Company's senior management and the Company's auditor to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2019 had been audited by the Company's auditor, Messrs. Mazars CPA Limited, and had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the staff and management team of the Group for their contribution during the year and also to give my sincere gratitude to all our shareholders for their continual support all these years.

By order of the Board
Oshidori International Holdings Limited
Sam Nickolas David Hing Cheong
Chairman

Hong Kong, 23 March 2020

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. Sam Nickolas David Hing Cheong *(Chairman)*
Mr. Wong Yat Fai
Ms. Wong Wan Men Margaret

Non-Executive Director:
Hon. Joseph Edward Schmitz

Independent Non-Executive Directors:
Mr. Cheung Wing Ping
Mr. Hung Cho Sing
Mr. Chan Hak Kan