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ETERNITY INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Due to the novel coronavirus outbreak in January 2020, the auditing processes of the consolidated financial results of Eternity Investment Limited (the "**Company**") and its subsidiaries (together with the Company as the "**Group**") for the year ended 31 December 2019 have not completed. Accordingly, the board of directors (the "**Board**") of the Company announces the unaudited consolidated results of the Group for the year ended 31 December 2019 without agreement with the Company's auditors in accordance with Rule 13.49(3)(i) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Revenue	4	**198,796**	188,037
Cost of sales		**(71,145)**	(63,478)
Gross profit		**127,651**	124,559
Investment and other income	5	**3,583**	2,970
Other gains and losses	6	**(146,597)**	(524,816)
Selling and distribution expenses		**(5,876)**	(5,350)
Administrative expenses		**(107,260)**	(162,812)
Share of results of associates		**(32,992)**	8,909
Loss from operations		**(161,491)**	(556,540)
Finance costs	7	**(48,891)**	(43,276)
Loss before taxation		**(210,382)**	(599,816)
Income tax (expense)/credit	8	**(1,724)**	11,091
Loss for the year	9	**(212,106)**	(588,725)
Loss for the year attributable to:			
Owners of the Company		**(209,148)**	(586,090)
Non-controlling interests		**(2,958)**	(2,635)
		(212,106)	(588,725)
Loss per share	10		
Basic *(Hong Kong cents)*		**(5.48)**	(15.34)
Diluted *(Hong Kong cents)*		**(5.48)**	(15.34)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(212,106)**	(588,725)
Other comprehensive income/(expense) for the year, net of income tax		
Item that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates	**—**	19,945
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations	**(22,861)**	(65,089)
Reclassification adjustments for a foreign operation disposed of	**—**	10,651
Share of other comprehensive income/(expense) of an associate	**345**	(265)
	(22,516)	(54,703)
Other comprehensive expense for the year, net of income tax	**(22,516)**	(34,758)
Total comprehensive expense for the year	**(234,622)**	(623,483)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(231,773)**	(620,941)
Non-controlling interests	**(2,849)**	(2,542)
	(234,622)	(623,483)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**496,171**	535,761
Right-of-use assets		**226,164**	—
Investment properties		**159,200**	175,600
Intangible assets		**829,696**	868,411
Goodwill		**272,324**	278,407
Interests in associates		**272,151**	251,383
Deferred tax assets		**15,974**	15,083
Prepayments and other receivables		**201**	50,104
Loan receivables	*11*	**480,534**	353,021
		2,752,415	2,527,770
Current assets			
Inventories		**36,515**	37,471
Loan receivables	*11*	**497,516**	815,718
Trade receivables	*12*	**39,864**	32,974
Deposits, prepayments and other receivables		**126,738**	129,087
Financial assets at fair value through profit or loss		**240,815**	287,302
Tax recoverable		**243**	243
Cash and cash equivalents		**140,550**	140,628
		1,082,241	1,443,423
Total assets		**3,834,656**	3,971,193
EQUITY			
Share capital		**38,196**	38,196
Reserves		**2,385,735**	2,617,508
Equity attributable to owners of the Company		**2,423,931**	2,655,704
Non-controlling interests		**(5,475)**	(2,626)
Total equity		**2,418,456**	2,653,078

	Notes	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Audited)
LIABILITIES			
Current liabilities			
Trade payables	*13*	**5,510**	3,593
Deposits received, accruals and other payables		**98,548**	121,233
Receipts in advance		**21,024**	41,235
Tax payables		**88,695**	86,664
Bank borrowings		**155,720**	157,201
Other borrowings		**200,000**	200,000
Lease liabilities		**742**	—
Secured notes		**299,841**	—
Amount due to an associate		**1,967**	—
Amount due to a director		—	50,000
		872,047	659,926
Non-current liabilities			
Deposit received and other payables		**53,561**	102,535
Receipts in advance		—	16,200
Lease liabilities		**258,509**	—
Secured notes		—	299,611
Deferred tax liabilities		**232,083**	239,843
		544,153	658,189
Total liabilities		**1,416,200**	1,318,115
Total equity and liabilities		**3,834,656**	3,971,193
Net current assets		**210,194**	783,497
Total assets less current liabilities		**2,962,609**	3,311,267

Notes:

1. Basis of preparation

The financial information contained in this unaudited annual results announcement is based on the unaudited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Unaudited Consolidated Financial Statements**") and has not been agreed with the Company's auditors, HLB Hodgson Impey Cheng Limited ("**HLB Hodgson**").

The 2019 Unaudited Consolidated Financial Statements have been prepared:

(a) in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"); and

(b) on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of the reporting period.

The 2019 Unaudited Consolidated Financial Statements are presented in thousands of units of Hong Kong dollar (**HK$'000**), which is same as the functional currency of the Company.

2. Application of new and amendments to HKFRSs

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

The Group has applied the following new and amendments to HKFRSs issued by the 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 year has had no material impact on the Group's financial performance and positions for the current and prior years.

2.1 HKFRS 16 *Leases*

The Group has applied HKFRS 16 *Leases* for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, 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.

At 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at the amounts equal to the related lease liabilities adjusted by accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

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) 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;

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

(iii) 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 option.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$264,967,000 and right-of-use assets of HK$236,781,000 in respect of (i) the rights to construct and operate the club facilities of a membership golf club and resort in Beijing, Mainland China, (the "**Club**"), and (ii) the rights to develop and operate a piece of 580 Chinese acre land adjacent to the Club (the "**Subject Land**") and the rights to manage the properties erected on the Subject Land at 1 January 2019.

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 incremental borrowing rate applied is 4.9%.

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	At 1 January 2019 *HK$'000* **(Unaudited)**
Operating lease commitments disclosed at 31 December 2018	701,449
Less: recognition exemption – short-term leases	(4,829)
Undiscounted lease liabilities relating to operating leases recognised upon application of HKFRS 16	696,620
Less: total future finance costs	(431,653)
Lease liabilities discounted at incremental borrowing rate at 1 January 2019	264,967
Analysed as:	
Current	441
Non-current	264,526
	264,967

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

	Right-of-use assets *HK$'000* **(Unaudited)**
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	264,967
Less: accrued lease liabilities relating to operating rights in respect of the Club and the Subject Land at 1 January 2019 *(Note)*	(28,186)
	236,781
By class:	
Golf club	82,912
Leasehold land	153,869
	236,781

Note:

These relate to accrued lease liabilities of operating leases for operating rights in respect of the Club and the Subject Land in which the lease payments increase progressively by fixed percentage. The carrying amount of the accrued lease liabilities under deposits received and other payables as at 1 January 2019 was adjusted to right-of-use assets at transition.

As a lessor

In accordance with the transitional provision 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.

Impact on the consolidated statement of financial position

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.

	Carrying amounts previously reported at 31 December 2018 *HK$'000* **(Audited)**	**Adjustments** *HK$'000* **(Unaudited)**	**Carrying amounts under HKFRS 16 at 1 January 2019** *HK$'000* **(Unaudited)**
Non-current assets			
Right-of-use assets	—	236,781	236,781
Current liabilities			
Lease liabilities	—	(441)	(441)
Non-current liabilities			
Deposit received and other payables	(102,535)	28,186	(74,349)
Lease liabilities	—	(264,526)	(264,526)

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position at 1 January 2019 as disclosed above.

2.2 Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that the Group applies HKFRS 9 *Financial Instruments*, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity methods is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by HKAS 28 *Investments in Associates and Joint Ventures* (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with HKAS 28).

At 1 January 2019, an amount due from an associate of HK$38,437,000 is considered as long-term interests that, in substance forms part of the Group's net investment in the associate. However, the application has had no impact as the Group's existing accounting policies are consistent with the requirements clarified by the amendments.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a 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.

The directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the Group's financial performance and position in the foreseeable future.

3. Operating segments

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

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

An analysis of the Group's reportable segment revenue, results, assets, liabilities and other selected financial information for the years ended 31 December 2019 and 2018 by operating segments are as follows:

Segment revenue and results

For the year ended 31 December 2019

	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment revenue	**25,549**	**791**	**104,034**	**68,422**	**198,796**
Segment (loss)/profit	**(119,006)**	**(79,272)**	**72,496**	**74**	**(125,708)**
Interest income on bank deposits					**43**
Unallocated corporate expenses					**(2,834)**
Finance costs					**(48,891)**
Share of results of associates					**(32,992)**
Loss before taxation					**(210,382)**
Income tax expense					**(1,724)**
Loss for the year					**(212,106)**

For the year ended 31 December 2018

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

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

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

Segment assets and liabilities

At 31 December 2019

	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Segment assets					
— Hong Kong	389,477	255,696	1,098,870	73,927	1,817,970
— The People's Republic of China (the "**PRC**")	1,742,041	—	—	—	1,742,041
	2,131,518	255,696	1,098,870	73,927	3,560,011
Unallocated corporate assets					274,645
Consolidated total assets					3,834,656
Segment liabilities					
— Hong Kong	(119,300)	(12,111)	(9,766)	(43,734)	(184,911)
— The PRC	(700,605)	—	—	—	(700,605)
	(819,905)	(12,111)	(9,766)	(43,734)	(885,516)
Unallocated corporate liabilities					(530,684)
Consolidated total liabilities					(1,416,200)

At 31 December 2018

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

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

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

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

Other segment information

For the year ended 31 December 2019

	Property investment *HK$'000* (Unaudited)	Sale of financial assets *HK$'000* (Unaudited)	Money lending *HK$'000* (Unaudited)	Sale of jewelry products *HK$'000* (Unaudited)	Unallocated *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
Amount included in the measure of segment (loss)/profit and segment assets						
Additions to property, plant and equipment	39,168	—	—	17	—	39,185
Allowance for credit losses on loan receivables	—	—	(4,474)	—	—	(4,474)
Allowance for credit losses on other receivables	(3,842)	—	—	—	—	(3,842)
Allowance for credit losses on trade receivables	—	—	—	(56)	—	(56)
Amortisation of intangible assets	(20,092)	—	—	—	—	(20,092)
Depreciation of property, plant and equipment	(22,936)	—	—	(58)	—	(22,994)
Depreciation of right-of-use assets	(6,058)	—	—	(84)	—	(6,142)
Dividend income	—	670	—	—	—	670
Gain on disposal of property, plant and equipment	2	70	—	—	—	72
Interest income on other receivables	2,554	—	—	—	—	2,554
Loss arising on change in fair value of financial assets at FVTPL	—	(80,487)	—	—	—	(80,487)
Loss arising on change in fair value of investment properties	(16,400)	—	—	—	—	(16,400)
Written-off of property, plant and equipment	(49,782)	—	—	—	—	(49,782)

For the year ended 31 December 2018

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

Geographical information

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

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Australia	**254**	21	**—**	—
Europe	**14,940**	10,437	**—**	—
Hong Kong	**158,978**	144,595	**661,311**	665,778
The PRC	**20,454**	32,777	**1,594,596**	1,465,511
The United States of America	**4,170**	207	**—**	—
	198,796	188,037	**2,255,907**	2,131,289

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

Information about major customers

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

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Customer 1[1]	**24,393**	N/A[3]
Customer 2[1]	**23,806**	19,901
Customer 3[2]	**20,454**	21,264

1 Revenue from sale of jewelry products.

2 Revenue from property investment.

3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. Revenue

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Disaggregation of revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of goods and services		
— sale of jewelry products	**68,422**	48,779
Revenue from other sources		
— sale of financial assets at FVTPL, net	**791**	6,698
— interest income on loans	**104,034**	96,274
— rental income	**25,549**	36,286
Total revenue	**198,796**	188,037
Timing of revenue recognition		
— a point in time	**68,422**	48,779
— over time	**—**	—
Revenue from contracts with customers	**68,422**	48,779

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

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Sale of jewelry products	**68,422**	48,779
Revenue from contracts with customers	**68,422**	48,779
Sale of financial assets at FVTPL, net	**791**	6,698
Interest income on loans	**104,034**	96,274
Rental income	**25,549**	36,286
Total revenue	**198,796**	188,037

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

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Proceeds from sale of financial assets at FVTPL	**69,451**	91,046
Carrying amounts of financial assets at FVTPL sold plus transaction costs	**(68,660)**	(84,348)
	791	6,698

5. Investment and other income

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Dividend income	**670**	661
Interest income on bank deposits	**43**	175
Interest income on other receivables	**2,554**	1,684
Sundry income	**316**	450
	3,583	2,970

6. Other gains and losses

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gain on disposal of an associate	**—**	1,520
Gain on disposal of property, plant and equipment	**72**	—
Loss arising on change in fair value of financial assets at FVTPL	**(80,487)**	(296,211)
(Loss)/gain arising on change in fair value of investment properties	**(16,400)**	14,500
Loss on disposal of subsidiaries	**—**	(10,993)
Written-off of property, plant and equipment	**(49,782)**	(233,632)
	(146,597)	(524,816)

7. Finance costs

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Interest on bank borrowings	**4,321**	9,266
Interest on other borrowings	**16,000**	9,797
Interest on lease liabilities	**12,947**	—
Imputed interest on secured notes	**24,231**	24,213
	57,499	43,276
Less: interest on lease liabilities capitalised in the cost of qualifying assets	**(8,608)**	—
	48,891	43,276

8. Income tax (expense)/credit

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong Profits Tax		
— Current tax	**(5,721)**	(2,283)
— Over provision in prior years	**20**	123
	(5,701)	(2,160)
PRC Enterprise Income Tax		
— Current tax	**(914)**	(1,883)
Deferred taxation credit	**4,891**	15,134
	(1,724)	11,091

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

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000 for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. Loss for the year

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

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Allowance for credit losses on loan receivables	**4,474**	17,547
Allowance for credit losses on other receivables	**3,842**	21,285
Allowance for credit losses on trade receivables	**56**	89
Amortisation of intangible assets (included in administrative expenses)	**20,092**	20,887
Auditors' remuneration:		
— audit services	**976**	1,088
— non-audit services	**207**	353
	1,183	1,441
Cost of inventories sold	**56,149**	43,752
Depreciation of property, plant and equipment	**22,994**	22,897
Depreciation of right-of-use assets	**6,142**	—
Less: depreciation capitalised in the cost of qualifying assets	**(3,556)**	—
	2,586	—
Net foreign exchange loss	**77**	67
Operating lease rentals in respect of rental premises	**—**	3,259
Operating lease rentals in respect of operating rights	**—**	16,831
Less: operating lease rentals capitalised in the cost of qualifying assets	**—**	(11,134)
	—	5,697
Rental expenses in respect of short-term leases	**290**	—
Staff costs (including directors' emoluments):		
— salaries and allowances	**46,621**	46,905
— discretionary bonuses	**4,910**	25,463
— contributions to retirement benefits scheme	**2,354**	1,528
— equity-settled share-based payment expenses	**—**	9,063
	53,885	82,959

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Gross rental income from investment properties and operating rights	**(25,549)**	(36,286)
Less: direct operating expenses incurred for investment properties and operating rights that generated rental income during the year	**14,996**	19,726
Less: direct operating expenses incurred for investment properties and operating rights that did not generate rental income during the year	**617**	382
	(9,936)	(16,178)

10. Loss per share

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

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(209,148)**	(586,090)

	For the year ended 31 December	
	2019	2018
	'000	*'000*
	(Unaudited)	(Audited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,819,606**	3,819,606

The computation of diluted loss per share for 2019 and 2018 does not assume the exercise of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share.

11. Loan receivables

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loans to customers	**991,718**	1,174,998
Accrued interest receivables	**8,353**	11,288
	1,000,071	1,186,286
Less: accumulated allowance for credit losses	**(22,021)**	(17,547)
	978,050	1,168,739

All loans are denominated in Hong Kong dollar. The loan receivables carry effective interest ranging from 8% to 15% per annum (2018: 8% to 15% per annum). A maturity profile of the loan receivables (net of accumulated allowance for credit losses) at 31 December 2019 and 2018, based on the maturity date is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current assets		
Within one year	**497,516**	815,718
Non-current assets		
More than one year but not exceeding two years	**480,534**	353,021
	978,050	1,168,739

During the year ended 31 December 2019, an allowance for credit losses on loan receivables of HK$4,474,000 was recognised (2018: HK$17,547,000).

At 31 December 2019, two loans in the aggregate principal amounts of HK$125,000,000 are secured by corporate guarantees. At 31 December 2018, a loan in the principal amount of HK$100,000,000 is secured by a corporate guarantee.

Included in the carrying amount of loan receivables at 31 December 2019 is an accumulated allowance for credit losses of HK$22,021,000 (2018: HK$17,547,000).

12. Trade receivables

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**40,009**	33,063
Less: accumulated allowance for credit losses	**(145)**	(89)
	39,864	32,974

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

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0-30 days	**7,510**	5,494
31-60 days	**6,391**	5,651
61-90 days	**6,852**	5,669
91-120 days	**3,617**	3,442
121-180 days	**9,084**	5,757
Over 180 days	**6,410**	6,961
	39,864	32,974

The Group allows credit period ranging from 0 to 270 days to its customers. The directors assess the credit status and impose credit limits for customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the year ended 31 December 2019, an allowance for credit losses on trade receivables of HK$56,000 was recognised (2018: HK$89,000).

Included in the carrying amount of trade receivables at 31 December 2019 is an accumulated allowance for credit losses of HK$145,000 (2018: HK$89,000).

13. Trade payables

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**5,510**	3,593

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

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 – 30 days	**2,409**	240
31 – 60 days	**336**	344
61 – 90 days	**603**	286
91 – 120 days	**750**	484
Over 120 days	**1,412**	2,239
	5,510	3,593

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

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Results of operations

During the year ended 31 December 2019, the Group recorded the revenue of HK$198,796,000, a 6% increase from HK$188,037,000 for the previous year. Of the total revenue, HK$104,034,000 was generated from money lending, HK$25,549,000 was generated from property investment, HK$68,422,000 was generated from sale of jewelry products, and HK$791,000 was generated from sale of financial assets.

Loss for the year ended 31 December 2019 attributable to owners of the Company amounted to HK$209,148,000, a 64% decrease from HK$586,090,000 for the year ended 31 December 2018. The improvement was mainly attributable to (i) a HK$215,724,000 decrease in loss arising on change in fair value of financial assets at fair value through profit or loss ("**FVTPL**"), and (ii) a HK$183,850,000 decrease in written-off of property, plant and equipment.

Gross profit for sale of jewelry products increased by 144% from HK$5,027,000 in the year ended 31 December 2018 to HK$12,274,000 in the year ended 31 December 2019. Gross profit margin for sale of jewelry products increased from 10% in the year ended 31 December 2018 to 18% in the year ended 31 December 2019. These increases in gross profit and gross profit margin are discussed in the section headed "Sale of jewelry products business" under "Operations Review" below.

Gross profit for property investment decreased by 36% from HK$16,560,000 in the year ended 31 December 2018 to HK$10,553,000 in the year ended 31 December 2019. Gross profit margin for property investment decreased from 46% in the year ended 31 December 2018 to 41% in the year ended 31 December 2019. These decreases were mainly attributable to the disposal of the Group's investment properties located in Guangzhou, Mainland China on 22 June 2018, which had a minimal cost of sales.

Major items of other gains and losses recorded by the Group during the year are as follows:

(a) At the end of the reporting period, the Group measured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer and recognised a loss of HK$16,400,000 arising on change in fair value of investment properties.

(b) Following the appointment of Mr. Cheung Kwok Wai Elton, an executive director of the Company, as an executive director of China Healthwise Holdings Limited ("**China Healthwise**") on 28 October 2019, the Group has two executive board seats in the board of directors of China Healthwise and is regarded as having a significant influence over China Healthwise. As a result, the Group changed the accounting treatment of its investment in 1,483,728,240 shares in China Healthwise from "financial assets at FVTPL" to "interests in associates". Such change in the accounting treatment resulted in the recognition of (i) a loss of HK$39,848,000 arising on change in fair value of financial assets at FVTPL for transferring the 1,483,728,240 shares in China Healthwise to "interests in associates" at fair value on 28 October 2019, and (ii) a gain on bargain purchase of an associate of HK$14,044,000. China Healthwise is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Exchange**") (stock code: 348).

(c) At the end of the reporting period, the Group measured its listed equity portfolio at fair value based on the closing prices as quoted on the Exchange on 31 December 2019 and a valuation prepared by an independent professional valuer for a listed equity being suspended for trading. The Group recognised a loss of HK$40,639,000 arising on change in fair value of financial assets at FVTPL. Adding the loss of HK$39,848,000 arising on change in fair value of financial assets at FVTPL for transferring the 1,483,728,240 shares in China Healthwise to "interests in associates" at fair value on 28 October 2019 as discussed above, the total loss arising on change in fair value of financial assets at FVTPL recognised by the Group amounted to HK$80,487,000.

(d) In the third quarter of 2019, two hotel villas erected on the first phase of the Subject Land (as defined below) were demolished in order to rectify the issue arising from the excess of the gross floor area of the development plan for the second and third phases of the Subject Land and a HK$49,782,000 written-off of property, plant and equipment was recognised.

Selling and distribution expenses mainly represent staff costs and commission of sales team, overseas travelling expenses, freight charges, and exhibition expenses incurred by the Group's sale of jewelry products business. Selling and distribution expenses increased by 10% from HK$5,350,000 in the year ended 31 December 2018 to HK$5,876,000 in the year ended 31 December 2019. This increase was mainly attributable to the increase in staff costs and commission of sales team, and overseas travelling expenses resulted from the increase in sale of jewelry products.

Administrative expenses decreased by 34% from HK$162,812,000 in the year ended 31 December 2018 to HK$107,260,000 in the year ended 31 December 2019. This decrease was mainly attributable to (i) the absence of the previous year's equity-settled share-based payment expenses of HK$9,063,000, (ii) a HK$20,553,000 decrease in discretionary bonuses, and (iii) a HK$30,549,000 decrease in allowance for credit losses on the Group's receivables due to the first time application of the new impairment model based on expected losses in accordance with HKFRS 9 *Financial Instruments* in the previous year, which were partially offset by the payment of consultancy fees of HK$5,355,000 relating to the development of the second and third phases of the Subject Land (as defined below).

Share of losses of associates amounted to HK$32,992,000 for the year ended 31 December 2019, representing (i) the share of loss of HK$25,329,000 from Elite Prosperous Investment Limited ("**Elite Prosperous**"), a 49% owned associate of the Company, (ii) the share of loss of HK$5,850,000 from China Healthwise, a 18.86% owned associate of the Company, (iii) the share of loss of HK$15,854,000 from Global Mastermind Holdings Limited ("**Global Mastermind**"), a 29.04% owned associate of the Company and the issued shares of which are listed on GEM operated by the Exchange (stock code: 8063), and (iv) the share of loss of HK$3,000 from China Hong Kong Money Limited, a 30% owned associate of the Company. These shares of losses were partially offset by the gain on bargain purchase of an associate of HK$14,044,000 arising from the change in accounting treatment of the Group's investment in 1,483,728,240 shares in China Healthwise as discussed above.

Finance costs increased by 13% from HK$43,276,000 in the year ended 31 December 2018 to HK$48,891,000 in the year ended 31 December 2019. Such increase was mainly due to (i) an increase in interest on other borrowings due to the full year effect of the interest expense on loan of HK$200,000,000 granted by a finance company as the loan was drawn in November 2018, and (ii) the first year effect of the recognition of an interest on lease liabilities relating to the Group's operating leases recognised upon application of HKFRS 16 *Leases*, which were partially offset by a decrease in interest on bank borrowings resulted from the release of the Renminbi bank loan through the disposal of the Group's investment properties located in Guangzhou, Mainland China on 22 June 2018.

An income tax expense of HK$1,724,000 was recorded in the year ended 31 December 2019, whereas an income tax credit of HK$11,091,000 was recorded in the previous year. The recording of the income tax expense was mainly attributable to (i) a HK$3,438,000 increase in the Group's money lending business's current year tax expense, and (ii) a HK$6,523,000 decrease in deferred tax credit resulted from the HK$30,549,000 decrease in allowance for credit losses on the Group's receivables.

Liquidity and financial resources

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$2,655,704,000 at 31 December 2018 to HK$2,423,931,000 at 31 December 2019. This decrease was attributable to the loss incurred by the Group for the year ended 31 December 2019.

At 31 December 2019, the cash and cash equivalents of the Group amounted to HK$140,550,000 (2018: HK$140,628,000).

At 31 December 2019, the Group had outstanding borrowings of HK$655,561,000 (2018: HK$706,812,000) representing:

(a) the carrying amount of the Company's HK$300,000,000 8.00% secured notes due 2020 (the "**Secured Notes**") of HK$299,841,000, which are interest bearing at 8.00% per annum, secured by a share charge over 100% issued shares in China Jiuhao Health Industry Group Limited, a wholly-owned subsidiary of the Company and the principal assets of which are (i) the rights to construct and operate the club facilities of a membership golf club and resort (the "**Club**") in Beijing, Mainland China, and (ii) the rights to develop and operate a piece of 580 Chinese acre land adjacent to the Club (the "**Subject Land**") and the rights to manage the properties erected on the Subject Land, and maturing on 25 August 2020;

(b) the banking facilities in the aggregate principal amount of HK$155,720,000, comprising (i) an instalment loan of HK$116,897,000, which is interest bearing at 1.00% per annum over one-month HIBOR or 3.00% per annum below the prime rate quoted by the bank, whichever is lower, secured by a first legal charge over the Group's properties located at Unit Nos. 1201, 1202, 1203, 1209, 1210, 1211 & 1212 and the corridor on 12th Floor, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong (the "**Shun Tak Property**"), guaranteed by the Company and two wholly-owned subsidiaries of the Company, and maturing on 18 September 2037, (ii) an advance of HK$20,000,000 under a revolving term loan, which is interest bearing at HIBOR plus 2.00% per annum, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing on 25 April 2020, and (iii) various advances in the aggregate principal amount of HK$18,823,000 under the account payable financing facilities, which is interest bearing at 2.00% per annum over HIBOR, secured by the first legal charge over the Shun Tak Property, guaranteed by the Company and a wholly-owned subsidiary of the Company, and maturing within five months commencing from January 2020; and

(c) a loan of HK$200,000,000 granted by the finance company, which is interest bearing at 8.00% per annum, secured by (i) the post-dated cheques drawn in favour of the finance company for payment of the principal and the interests stipulated under the loan agreement, and (ii) a personal guarantee given by Mr. Lei Hong Wai, the Chairman of the Board and an executive director of the Company, and maturing on 29 May 2020.

The decrease in the Group's outstanding borrowings was mainly due to the repayment of the cash advance of HK$50,000,000 made to the Group from Mr. Lei Hong Wai in January 2019.

Gearing ratio

At 31 December 2019, the gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company was 27% (2018: 27%).

Net current assets and current ratio

At 31 December 2019, the Group's net current assets and current ratio were HK$210,194,000 (2018: HK$783,497,000) and 1.24 (2018: 2.19) respectively.

Capital structure

During the year ended 31 December 2019, there was no change in the Company's capital structure.

Material acquisitions of subsidiaries, associates and joint ventures

Save and except for the change in accounting treatment of its investment in 1,483,728,240 shares in China Healthwise from "financial assets at FVTPL" to "interests in associates" as discussed above, the Group did not have any material acquisitions of subsidiaries, associates and joint ventures during the year ended 31 December 2019.

Material disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2019, the Group did not have any material disposals of subsidiaries, associates and joint ventures.

Pledge of assets

At 31 December 2019, the following Group's assets were pledged:

(a) the Shun Tak Property with a carrying amount of HK$377,867,000 (2018: HK$402,177,000), of which HK$218,667,000 (2018: HK$226,577,000) is classified under "property, plant and equipment" and HK$159,200,000 (2018: HK$175,600,000) is classified under "investment properties", for securing the banking facilities granted to the Group; and

(b) the 100% issued shares in China Jiuhao Health Industry Group Limited with an unaudited combined net assets of HK$1,041,436,000 (2018: HK$1,101,487,000) after adjusting for purchase price allocation for securing the Secured Notes.

Material commitments

At 31 December 2019, the Group had a total commitment of HK$26,854,000 (2018: HK$25,283,000) relating to the development costs of the Subject Land, which were contracted but not provided for.

Exchange risk and hedging

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi. The Group is exposed to exchange risk with respect mainly to Renminbi which may affect its performance. The directors closely monitor statement of financial position and cash flow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk. During the year ended 31 December 2019, no financial instruments for hedging purposes were used by the Group.

Contingent liabilities

At 31 December 2019, the Group had no material contingent liabilities.

Employees and remuneration policy

At 31 December 2019, the headcount of the Group was 71 (2018: 96). Staff costs (including directors' emoluments) for the year ended 31 December 2019 amounted to HK$53,885,000 (2018: HK$82,959,000). The decrease in staff costs was mainly attributable to (i) a HK$20,553,000 decrease in discretionary bonuses, and (ii) the absence of the previous year's equity-settled share-based payment expenses of HK$9,063,000. In addition to basic salaries, contributions to retirement benefits scheme and discretionary bonus, staff benefits include medical scheme and share options.

Key performance indicators

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

		For the year ended 31 December	
	Notes	**2019**	2018
Revenue		**HK$198,796,000**	HK$188,037,000
Loss for the year attributable to owners of the Company		**HK$209,148,000**	HK$586,090,000
Equity attributable to owners of the Company		**HK$2,423,931,000**	HK$2,655,704,000
Return on financial assets at FVTPL	*1*	**-18%**	-41%
Return on loan receivables	*2*	**9%**	9%
Return on capital employed in sale of jewelry products	*3*	**0%**	-16%
Return on property investment	*4*	**-3%**	3%

Notes:

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

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

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

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

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

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

Operations Review

Sale of financial assets business

During the year, the Group's sale of financial assets business reported a segment loss (before taxation) of HK$79,272,000, which mainly included (i) a gain of HK$791,000 from trading of Hong Kong listed equities, (ii) a loss of HK$80,487,000 arising on change in fair value of financial assets at FVTPL, and (iii) the dividend income from Hong Kong listed equities held by the Group of HK$670,000. The segment loss improved from HK$289,126,000 in the year ended 31 December 2018 to HK$79,272,000 in the year ended 31 December 2019, which was due to a HK$215,724,000 decrease in change in fair value of financial assets at FVTPL. Accordingly, return on financial assets at FVTPL improved from -41% for the year ended 31 December 2018 to -18% for the year ended 31 December 2019.

During the year ended 31 December 2019, the Group acquired four Hong Kong listed equities with the aggregate acquisition costs of HK$155,910,000 and made a trading gain of HK$791,000 from selling four Hong Kong listed equities with the aggregate carrying amounts of HK$68,496,000 at the aggregate net sale proceeds of HK$69,287,000.

As Mr. Cheung Kwok Wai Elton has been appointed as an executive director of China Healthwise on 28 October 2019, the Group has two executive board seats in the board of directors of China Healthwise and is regarded as having a significant influence over China Healthwise. As a result, the Group changed the accounting treatment of its investment in 1,483,728,240 shares in China Healthwise from "financial assets at FVTPL" to "interests in associates". Such change in the accounting treatment resulted in the transfer of the carrying amount of the investment in China Healthwise of HK$53,414,000 to "interests in associates", and the recognition of (i) the loss of HK$39,848,000 arising on change in fair value of financial assets at FVTPL for transferring the 1,483,728,240 shares in China Healthwise to "interests in associates" at fair value on 28 October 2019, and (ii) the gain on bargain purchase of an associate of HK$14,044,000.

Movements in the carrying amount of Hong Kong listed and unlisted equities held by the Group during the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
	HK$'000	*HK$'000*
Carrying amount at 1 January	**287,302**	662,943
Add: Acquisitions	**155,910**	34,730
(Loss)/gain arising on change in fair value upon transfer to interests in associates	**(39,848)**	554
Less: Disposals	**(68,496)**	(84,111)
Loss arising on change in fair value	**(40,639)**	(296,765)
Transfer to interests in associates	**(53,414)**	(30,049)
Carrying amount at 31 December	**240,815**	287,302

Details of the Hong Kong listed and unlisted equities held by the Group at 31 December 2019 are as follows:

	Notes	Number of shares held at 31 December 2019	Fair value at 31 December 2019 HK$'000	Fair value as compared to the consolidated total assets of the Group at 31 December 2019	Dividend received/ receivable in the year ended 31 December 2019 HK$'000	Gain/(loss) arising on change in fair value recognised in the year ended 31 December 2019 HK$'000
Name of Hong Kong listed equities						
Affluent Partners Holdings Ltd. (stock code: 1466)	*1*	16,742,000	1,222	0.03%	—	(18,207)
BC Technology Group Ltd. (stock code: 863)	*2*	18,000,000	144,000	3.76%	—	54,000
Brockman Mining Ltd. (stock code: 159)	*3*	40,220,000	5,309	0.14%	—	(1,931)
Frontier Services Group Ltd. (stock code: 500)	*4*	21,340,000	14,938	0.39%	—	(11,524)
Heng Tai Consumables Group Ltd. (stock code: 197)	*5*	30,000,000	5,400	0.14%	—	(336)
Huayi Tencent Entertainment Company Ltd. (stock code: 419)	*6*	200,000,000	22,000	0.57%	—	(16,800)
Kingston Financial Group Ltd. (stock code: 1031)	*7*	33,028,000	26,423	0.69%	495	(35,010)
KuangChi Science Ltd. (stock code: 439)	*8*	23,000,000	6,555	0.17%	—	(4,945)
Lajin Entertainment Network Group Ltd. (stock code: 8172)	*9*	53,500,000	5,350	0.14%	—	(5,189)
Link-Asia International Co. Ltd. (stock code: 1143)	*10*	30,000,000	930	0.02%	—	(1,110)
Town Health International Medical Group Ltd. (stock code: 3886)	*11*	70,000,000	7,103	0.19%	175	892
Yunfeng Financial Group Ltd. (stock code: 376)	*12*	444,000	1,585	0.04%	—	(479)
			240,815		670	(40,639)
Name of Hong Kong unlisted equity						
Hsin Chong Group Holdings Ltd.	*13*	90,000,000	—	0.00%	—	—
			—		—	—
			240,815		670	(40,639)

Notes:

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

   Based on its published financial information, Affluent Partners had equity attributable to owners of HK$197,978,000 and HK$347,977,000 at 31 March 2019 and 30 September 2019 respectively. Affluent Partners recorded a loss attributable to owners of HK$42,816,000 and HK$27,591,000 for the year ended 31 March 2019 and the six months ended 30 September 2019 respectively.

   As disclosed in its 2019 interim report, with the completion of GBP3.5 million 6% convertible guaranteed redeemable loan notes issued by Wonderland (UK) Holdings Limited, its subsequent real estate agency business, the investment in the Orient Capital Real Estate Fund SP and the co-working space industry, Affluent Partners expected that its strategic investment and financial services segment would diversify its income streams and generate more investment returns on its available funds from time to time. In view of the recent market downturns and the uncertainty of Brexit, Affluent Partners might consider minimising its investments in the United Kingdom. In light of recent social incidents in Hong Kong, Affluent Partners expected market sentiment might take some time to recover. Affluent Partners foresaw that the co-working space industry and lettings in Hong Kong would become very tough in the near future. Affluent Partners expected that the strategic investment and financial services segment would be one of its growth drivers in the future and would make continuous efforts to find appropriate investment projects in other areas. Meanwhile, Affluent Partners would continue enhancing the development of the mature pearls and jewellery business, actively participating in various important jewellery & gem fairs around the world and optimising operation efficiency and productivity in a bid to stay competitive. With the entering into of the collaboration agreement on 26 October 2018 relating to setting up one or more REITs and the development of its strategic investment and financial services segment, Affluent Partners would focus its investments and operations more in the real estate and investment and asset management sectors especially in Europe and Asia. Affluent Partners would further use its resources as a listed company to add value for the acquisition projects, so as to increase its profitability and return.

2. BC Technology Group Ltd. ("**BC Technology**") and its subsidiaries are principally engaged in the advertising business and the provision of business park area management services in Mainland China, and the provision of digital assets trading, brokerage, technologies and services business in Hong Kong.

   Based on its published financial information, BC Technology had equity attributable to owners of RMB30,141,000 and RMB22,377,000 at 31 December 2018 and 30 June 2019 respectively. BC Technology recorded a loss attributable to owners of RMB161,233,000 and RMB133,292,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

   As stated in its interim report, BC Technology would increase its investment in Hong Kong and other key jurisdictions in Asia, where it was focused on provision of a digital asset trading platform and related Software as a services Service ("**SaaS**") offerings, in order to diversify revenue and expand its customer base. Geographic expansion remained a priority for BC Technology as the market for its businesses became more global. BC Technology had opened an office in Singapore in July 2019. In the first half of 2019, BC Technology had benefited from the growing acceptance of digital assets and experienced encouraging signs of institutional adoption due to increased regulatory clarity. This was evidenced by large technology and financial services firms announcing their intent to launch their own digital assets. In addition, the recent statement by the Financial Action Task Force had provided meaningful regulatory clarity to current and future market participants. This clarity, coupled with BC Technology's world-class technology, risk management, and compliance capabilities would assist it to differentiate from competitors. BC Technology had already seen increasing interest from institutions that recognised it as one of the few market participants that could comply with new and emerging regulations. As regulation became clearer and the market for BC Technology's services became mainstream, large financial institutions and technology firms would seek to partner with BC Technology to enter the digital asset ecosystem. BC Technology would continue to build its capabilities in technology, security, risk, and compliance systems as required by regulators who would oversee digital asset platform operators. BC Technology believed that both its existing advertising business and business park area management services businesses, together with the growing blockchain technology and digital asset trading platform and SaaS offerings, would continue to be the key revenue streams in the near future.

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

   Based on its published financial information, Brockman Mining had equity attributable to owners of HK$631,970,000 and HK$617,659,000 at 30 June 2019 and 31 December 2019 respectively. Brockman Mining recorded a profit attributable to owners of HK$67,588,000 for the year ended 30 June 2019 and a loss attributable to owners of HK$13,508,000 for the six months ended 31 December 2019.

   As disclosed in its 2019/20 interim report, Brockman Mining and Polaris Metals Pty. Ltd. ("**Polaris**"), a wholly-owned subsidiary of Mineral Resources Limited ("**MRL**"), had progressed activities towards satisfaction of their farm-in obligations in relation to the Farm-In Joint Venture Agreement dated 26 July 2018 (the "**FJV Agreement**") over Brockman Mining's Marillana Iron Ore Project. Both parties had agreed that extra time had been required to undertake additional drilling and metallurgical testwork to ensure that there were no fatal flaws in the mine plan and process plant design. Hence, the parties had agreed on 19 July 2019 to extend certain key dates pertaining to the FJV Agreement. Under the terms of the FJV Agreement and following satisfaction of the conditions precedent and completion of the farm-in obligations, Polaris would earn a 50% interest in the Marillana Iron Ore Project and MRL would be responsible for the development of the mine, construction and operation of the processing plant. MRL had also committed to the construction and operation of ore haulage and port infrastructure to facilitate the export of the Marillana Iron Ore Project's product. Following the recent agreed variations to the FJV Agreement, it was expected that construction of the infrastructure would commence before the end of 2020 and be operational before the end of 2022. The establishment of the joint venture would unlock the value of the Marillana Iron Ore Project and might assist in the future development of Brockman Mining's other iron ore projects in the Pilbara. Upon the completion of the farm-in obligations, the joint venture on the Marillana Iron Ore Project should be established and development and construction of the project should commence.

4. Frontier Services Group Ltd. ("**Frontier Services**") and its subsidiaries are principally engaged in the provision of aviation logistics security, insurance and infrastructure related services, and the provision of online financial market information.

   Based on its published financial information, Frontier Services had equity attributable to owners of HK$718,738,000 at 31 December 2019. Frontier Services recorded a loss attributable to owners of HK$354,793,000 for the year ended 31 December 2019.

As disclosed in its annual results announcement, Frontier Services had entered into another milestone in 2020. With the view to giving full play of its "four-in-one" advantages, Frontier Services would consolidate its resources in all aspects and focus its resources and efforts in expanding the development of five major logistics channels and significant projects, so as to vigorously promote its business through professionalism, internationalisation and localisation. Among these key markets of Frontier Services, its businesses in the Democratic Republic of Congo, Cambodia, Laos and Myanmar had been fully developed. In the ensuing year, a number of significant projects were expected to achieve fruitful results for its principal businesses, including security, insurance, logistics and infrastructure segments. In addition, Frontier Services had taken advantage of the compelling opportunities to cultivate its newly-explored markets, like Bangladesh, and to move forward with their development. Meanwhile, on the foundation of the principal businesses, various comprehensive projects in relation to energy, mining and airport management had been explored, fully reflecting Frontier Services' advantages and capabilities in developing overseas business and integrating resources, thereby laying a solid foundation for the growth in Frontier Services' overall revenue. Upon the rationalisation of its principal subsidiaries and associates in 2019, Frontier Services would further integrate and synergise the business development of different regions/countries in 2020 to better align its development strategies, capitalise the respective competitive strengths, provide superior services for customers, and ultimately deliver greater returns to its shareholders. Besides, the establishment of the US$50,000,000 investment fund with an indirect wholly-owned subsidiary of CITIC Capital Holdings Limited represented an excellent opportunity for Frontier Services to promote its diversified development and made better use of the advantages from the unique business model of Frontier Services, maximising its returns with minimum investment. At the beginning of 2020, Frontier Services had been exposed to the tremendous impacts of coronavirus outbreak on the socio-economic environment. Such stressful environment had presented a daunting challenge to Frontier Services, as all of its members, from the leaders at the headquarter to every frontline staff, had to continue their efforts to find opportunities in such crisis and unleash the potential under pressure based on the established strategic layout, thereby realising their commitment to the board of directors and shareholders. In this regard, Frontier Services remained optimistic that with the guidance and support from the board of directors, its excellent team could meet the challenges, overcome difficulties and deliver growth amid headwinds by upholding our unique model and team's spirit of struggle.

5. Heng Tai Consumables Group Ltd. ("**Heng Tai**") and its subsidiaries are principally engaged in (i) the trading of packaged foods, beverages, household consumable products and cold chain products; (ii) the trading of agri-products and the upstream farming business; (iii) the provision of cold chain logistics services and value-added post-harvest food processing and (iv) other businesses primarily arising from the securities brokerage business, the trademark sub-licensing in petrol business and the tourist retailing business.

   Based on its published financial information, Heng Tai had equity attributable to owners of HK$1,851,992,000 and HK$1,792,249,000 at 30 June 2019 and 31 December 2019 respectively. Heng Tai recorded a loss attributable to owners of HK$285,081,000 and HK$45,973,000 for the year ended 30 June 2019 and the six months ended 31 December 2019 respectively.

   As disclosed in Heng Tai's 2019/20 interim report, the operating environment had substantially worsened during the period under review. On the global front, the global economic slowdown and the trade tensions between Mainland China and the United States had severely weakened consumer confidence, which had resulted in weak market demand. In August 2019, Renminbi had fallen past the important psychological level of 7 against the United States dollar for the first time since 2008. The depreciation of Renminbi and increase in sales discount had put downward pressure on Heng Tai's gross profit margin. The fierce competition from domestic brands and products had remained a major threat to

Heng Tai's traditional trading business, especially considering their price advantage and overwhelming advertisement. Heng Tai had needed to adopt more aggressive pricing strategies to maintain its competitiveness during the period under review. Looking forward, the coronavirus outbreak was the greatest uncertainty for the global economy, if the outbreak was a long-lasting one, there would be substantial consequences for Mainland China and the global economy. On top of that, there were many other uncertainties such as the rise on protectionism, the risk of stagflation, the outcome of Brexit and the trade disputes among different nations. Heng Tai would take a more cautious stance for its future development and continue to implement cost-saving initiatives, as well as ensure a strong and healthy financial position to weather any unforeseeable headwinds.

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

   Based on its published financial information, Huayi Tencent had equity attributable to owners of HK$833,210,000 at 31 December 2019. Huayi Tencent recorded a loss attributable to owners of HK$28,770,000 for the year ended 31 December 2019.

   As stated in its annual results announcement for the year ended 31 December 2019, Huayi Tencent expected that, given the successive completion of entertainment and media projects which it had financed and produced, the season of harvest is now on the horizon. It was anticipated that five movies of Huayi Tencent would be screened across the globe and in Mainland China during the year 2020 and 2021, including productions directed by famous Hollywood directors and films enthusiastically talked about in Korea. Huayi Tencent was confident that these productions would attain success and significantly boost its revenue generated from the entertainment and media operations. Against the backdrop of rapid expansion of Mainland China film market, Huayi Tencent had long since optimised its market footprint. Through the collaboration with Huayi Brothers International Ltd. in producing and distributing more appealing productions with first-rate content, Huayi Tencent looked forward to embracing the forthcoming new era in which Mainland China became the largest film market in the world. With the domination and supremacy of American films in worldwide entertainment, Huayi Tencent had been actively seeking global opportunities for investing in prime films and television dramas, and had already confirmed its investment in several film projects, including "Moonfall", the Hollywood science-fiction and disaster epic. Huayi Tencent would continue developing projects with topnotch film studios and producers in North America and Europe, etc., so that different works might be presented to the audience continuously. As Korean films were well received in the market and audience both locally and internationally, including Mainland China, Huayi Tencent believed that high-quality Korean films and television dramas would be in strong demand in Korean as well as in other Asian markets. Therefore, Huayi Tencent would invest in those prime projects in the future and step up its efforts in hoarding up quality Korean intellectual property. As there were signs of the Korean entertainment and culture staging a comeback in the Mainland China's market, Huayi Tencent would seize the chance and introduce preeminent Korean films and television dramas into Mainland China. The theatrical release of films in Mainland China and some other countries/regions was currently affected by the outbreak of COVID-19. Huayi Tencent would closely monitor the latest development of the epidemic and coordinate with the global distributors to set appropriate theatrical release slots in Mainland China and other countries/regions. Huayi Tencent did not expect there would be long-term material adverse impact to its global production and distribution of films. On the other hand, the repercussion of the epidemic on Huayi Tencent's healthcare and wellness services operation was confined to the affiliated food and beverage operations thus far, as the 18-hole golf course in Beijing was closed in the winter season as it had been in prior years. Subject to the then development of the epidemic, the 18-hole golf course in Beijing was set to re-open in phases since the end of March 2020. Huayi Tencent would continuously monitor the development of the epidemic, evaluate the potential impact on its healthcare and wellness services operation, and formulate corresponding measures.

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

   Based on its published financial information, Kingston Financial had equity attributable to owners of HK$21,522,041,000 and HK$22,042,895,000 at 31 March 2019 and 30 September 2019 respectively. Kingston Financial recorded a profit attributable to owners of HK$1,001,927,000 and HK$477,604,000 for the year ended 31 March 2019 and the six months ended 30 September 2019 respectively.

   As disclosed in its 2019 interim report, Mainland China and the United States had preliminarily agreed to remove some tariffs, showing that they might be moving closer to reach a trade war truce. The Federal Reserve cut interest rates for the third time in November 2019, reversing nearly all of 2018's rate increases as uncertainty from trade war and slowing global economic growth continued to pose risks to the United States economy. It had been convinced that China government would continue to exert its strength in overall development and growth. China revised the rules to allow onshore investors to buy companies with weighted voting rights in Hong Kong and effective on 28 October 2019, that brought positive effect to the stock market. These acts might provide some insurance against ongoing risks. The Securities and Futures Commission (the "**SFC**") had issued a new regulatory framework for granting licenses to centralised virtual asset trading platforms. Besides, the investment sentiment was expected to recover upon the positive progress of development of the Guangdong-Hong Kong-Macao Greater Bay Area ("**GBA**"). The growth of new business in the GBA region would offer ample opportunities for financial services industry. Looking forward, Kingston Financial would adopt a responsive approach, to prudently deploy and implement development plans that were in line with the market situation. With its strong visibility across the region, Kingston Financial was well-poised to grasp the opportunities arising from the existing mature Hong Kong market, as well as the emerging capital market in the GBA. The opening of the Hong Kong-Zhuhai-Macao Bridge, new resorts and entertainment facilities would support a healthy development of Macau's economy. Kingston Financial would regularly review its policy to respond timely to the changing environment and sustain its growth in its hotel and gaming segments.

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

   Based on its published financial information, KuangChi Science had equity attributable to owners of HK$1,390,051,000 and HK$1,264,447,000 at 31 December 2018 and 30 June 2019 respectively. KuangChi Science recorded a loss attributable to owners of HK$457,609,000 and HK$91,659,000 for the year ended 31 December 2018 and the six months 30 June 2019 respectively.

   As stated in its interim report, KuangChi Science had achieved certain breakthroughs in the "AI overlay" technology and its application during the six months ended 30 June 2019. Its "Matrix Intelligent Engine" had stood the concurrent testing of maximum 70,000 visits per second with its powerful computing capacity. The "AI Overlay Network" had showed its considerable merits in real scenarios in the Bund, Shanghai, which had provided a main test field for the constant optimising of the technology, and had been well recognised by the police. Besides, the promotion of technology had achieved remarkable results in Chongqing market with purchase orders from relevant customers. During the six months ended 30 June 2019, KuangChi Science had actively developed the "AI Overlay Network" in various demonstration regions such as Shanghai, Chongqing, Shunde, Shenzhen and Xiong'an, and had continued to promote "AI Overlay Network" nationwide. As for the "future space" technology business, KuangChi Science had gradually reduced the R&D investment in "future space" technology during the six months ended 30 June 2019. KuangChi Science had mainly leveraged existing research and development results of aerospace products like "Cloud" and drones ("KC" series and "H" series) to collect multi-source information such as visible light and infrared radiation to provide basic data for "AI Overlay Network". The management believed that, with the development of 5G network, KuangChi Science's "AI Overlay" technology would gradually be applied to more vertical industries in combination with its own development goals and industrial needs, especially in accelerating the construction of smart cities. "AI Overlay Network" would become a new driving force for economic and social development, with huge application demand and market prospects in smart cities.

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

Based on its published financial information, Lajin Entertainment had equity attributable to owners of HK$620,824,000 and HK$602,087,000 at 31 December 2018 and 30 June 2019 respectively. Lajin Entertainment recorded a loss attributable to owners of HK$236,071,000 and HK$18,661,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

As disclosed in its interim report, Lajin Entertainment was the lead investor and producer in "Faithful Dog Hachiko"（《忠犬八公》）, "The Tibet Code"（《藏地密碼》）, and "Legend of the Galactic Heroes" (《銀河英雄傳説》), These were the main focus of its investments in the coming two to three years which would receive Lajin Entertainment's full support and plan to release or distribute in or after 2020. Furthermore, the previously invested cinematic projects like "The Dynasty Warriors"（《真 • 三國無雙》）, "Theory of Ambition"（《風再起時》）, "I'm Livin' It"（《麥路人》）, "Ori Princess, the Elf is Coming"（《甜心格格之精靈來了》）, and "In Winter"（《藍色列車》）were either under post-production or scheduled for release while "Fagara in Mara"（《花椒之味》）, and "If You are Happy"（《學區房 72 小時》）had been confirmed to be released during 2019. Amongst all artists under the management of Lajin Entertainment, Chen Xinzhe（陳信喆）showed enormous potential and had been put in the limelight quickly. In addition, other artists of Lajin Entertainment, Xu Junjie（徐俊傑）and Ye Zicheng（葉子誠）, demonstrated remarkable performance. Lajin Entertainment would strive to secure more commercial advertisement jobs for its artists and leverage on the facilities available in its Lajin Base, located in Yi Zhuang（亦莊）comprising two 6-storey buildings of approximately 5,600 square metres in total and houses various facilities and functionalities, to provide them with necessary trainings and shooting/production environment, enabling these future stars to shine. Lajin Music（拉近音樂）had augmented the copyright of a large number of high quality original music compositions, through the past two-year efforts, covering a variety of mainstream and non-mainstream music in styles of pop, rock, classical, folk, electronic, rap, etc. Lajin Music had developed a comprehensive music promotion and distribution network and commenced copyright operation in full swing: Lajin Music collaborated with various domestic mainstream music platforms, such as QQ Music, KuGou Music, Kuwo Music, NetEase Cloud Music, Xiami Music as well as TikTok and gradually opened overseas issuance channels. Lajin Music also established strategic partnerships with nearly 100 radio stations and internet radio channels in Mainland China. Lajin Base supplied both front stage and backstage talents for the domestic movie, television, music and performing arts industries. It also produced high-quality cultural and entertainment content of positive energy and values for the market. Lajin Base had discussed cooperation with several production houses in relation to the provision of its venue and facilities and the advanced programmes productions technology for the production of some specific variety shows. In addition, Lajin Base also cooperated with various platforms, such as providing venues and professional services to artist management companies for nurturing artist and "internet celebrity" anchor. Lajin Entertainment would continue to promote Lajin Base's competitive edge and strive to secure cooperation of similar nature so as to deepen the co-operative relationship with the leading streaming platforms in the industry through quality content production in forms of livestreaming, short videos, music, artists and variety entertainment, to increase the stable income stream, as well as to ensure the maximum utilisation of its facilities. The management of Lajin Entertainment would regularly evaluate the utilisation and positioning of Lajin Base and formulate the best strategy for its deployment, together with optimising the operational model and human resources management for Lajin Base in order to maximise the return for Lajin Entertainment and its shareholders.

10. Link-Asia International Co. Ltd. ("**Link-Asia**", formerly known as China Healthcare Enterprise Group Ltd.) and its subsidiaries are principally engaged in (i) electronic manufacturing services; (ii) marketing and distribution of communication products; and (iii) the securities and other assets investment.

    Based on its published financial information, Link-Asia had equity attributable to owners of HK$572,804,000 and HK$526,405,000 at 31 December 2018 and 30 June 2019 respectively. Link-Asia recorded a loss attributable to owners of HK$57,984,000 and HK$56,169,000 for the year ended 31 December 2018 and the six months ended 30 June 2019 respectively.

    As stated in its interim report, Link-Asia would seek to bolster ties with its business partners in order to seize new opportunities for its electronic manufacturing services ("**EMS**") and marketing and distribution of communications products businesses, as well as to work together in overcoming whatever challenges that might arise. For its EMS business in particular, Link-Asia would direct still greater effort towards the research and development of IoT, Wi-Fi and Bluetooth enabled products. With regard to its securities and other assets investment business, Link-Asia would continue to look for business opportunities that could further enhance its growth and facilitate value creation for its investors. Though the global business climate was becoming increasingly unpredictable, with downside risk a growing concern, Link-Asia remained cautiously optimistic about its fortunes in the longer term due to the strategies in place for bolstering its existing operations, while at the same time expanding its business influence.

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

    Based on its published financial information, Town Health had equity attributable to owners of HK$4,015,547,000 at 31 December 2019. Town Health recorded a loss attributable to owners of HK$8,414,000 for the year ended 31 December 2019.

    As disclosed in its annual results announcement for the year ended 31 December 2019, the outbreak of the coronavirus (COVID-19) had imposed tremendous impact on the economy and social well-being in Mainland China, Hong Kong and worldwide since the beginning of January 2020. Business of

Town Health was anticipated to be adversely impacted in the short-term, and the results for the first half of the year had been dragged down by this sudden epidemic. However, after the outbreak was over, medical demand would be gradually released, health and hygiene awareness of the citizens would generally be enhanced, and the demand for quality medical services was always with high rigidity. Town Health expected to maintain a steady development. Town Health had always been confident in the medium to long-term development of the medical and health industry. Apart from responding flexibly to market changes, Town Health would adopt more forward-looking measures as a long-term development plan. While striving to maintain its development in the Hong Kong healthcare business, Town Health would continue to devote to the healthcare market in Mainland China. The healthcare services market in Mainland China was expected to have a bright future because of the acceleration of population aging, growing gross national income (GNI), heightened public awareness of health, and a growing demand for high-end healthcare services. As the first Hong Kong healthcare enterprise to manage a large 3A-grade hospital in Mainland China, Town Health would leverage its medical operation management prowess, rich practical experience gained over years and excellent medical team to further expand its business operations in the healthcare market in Mainland China. Also, with the backing of China Life Group's robust strength, and vast management experience and resources of the new management from China Life Group, Town Health had every confidence in its business sustainability and ability to continue to stay at the forefront of the industry. Town Health would explore Mainland China market with a focus on the Greater Bay Area. The favourable medical policies of the Greater Bay Area would open new avenues for Hong Kong specialists of different medical disciplines to develop Mainland China market and provide high-end customers with premium healthcare services in line with international standards and facilitate Mainland China customers to seek medical consultations or diagnoses. Town Health was also capable of arranging the Mainland China customers to visit Hong Kong for further treatment if they required surgeries. In the future, Town Health would launch more indepth cooperation with China Life Group's Mainland China companies, and develop medical tourism services aiming at high-end Mainland China customers, and achieve mutual access of medical resources between Mainland China and Hong Kong. As an active response to Mainland China government's favourable policies of encouraging Hong Kong-funded healthcare institutions to establish medical practices in Mainland China, Town Health would seize the opportunity, and, by making good use of its experience and strengths, introduce Hong Kong's comprehensive triage system into China, aiming to become a benchmark for Mainland China's healthcare industry.

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

On 10 January 2020, Town Health issued an announcement relating to the Exchange's decision on withholding of delisting deadline. As stated in the announcement, Town Health received a letter from the Exchange on 7 January 2020 stating the Exchange confirmed that the Exchange would, until further notice, withhold exercising its right to delist Town Health under Rule 6.01A(2)(b)(i) of the Listing Rules should trading in the securities of Town Health remain suspended on 31 January 2020. Town Health had been communicating with the SFC on the resumption application made by Town Health. Town Health would continue to communicate with the SFC and seek to resume the trading of its shares on the Exchange as soon as practicable.

The fair value of the shares in Town Health held by the Group of HK$7,103,000 at 31 December 2019 was based on the valuation report prepared by the independent professional valuer appointed by the Group.

12. Yunfeng Financial Group Ltd. ("**Yunfeng Financial**") and its subsidiaries are principally engaged in wealth management, securities broking, employee stock ownership plan administration, investment research, insurance brokerage and principal investment.

Based on its published financial information, Yunfeng Financial had equity attributable to owners of HK$10,102,698,000 at 31 December 2019. Yunfeng Financial recorded a profit attributable to owners of HK$255,619,000 for the year ended 31 December 2019.

As disclosed in Yunfeng Financial's annual results announcement for the year ended 31 December 2019, with the "Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area" announced by the Central Committee of the Communist Party of China and the State Council of the People's Republic of China on 18 February 2019, Hong Kong would take opportunities to fully leverage its advantages as the global offshore RMB business hub and the international asset management center. "Shanghai Connect" and "Shenzhen Connect" were actively enhancing the interconnection mechanism with the domestic financial markets. The Mainland China and Hong Kong governments were discussing the "Insurance Connect", which was believed that it could further promote the activities of the financial markets and insurance businesses in Guangdong, Hong Kong and Macau. Looking forward, the volatility of the financial market in the 2020 would continue. A number of uncertainties, including the outbreak of Coronavirus (COVID-19), low interest rate environment, crude oil price dispute, Sino-US trade tension, impact and development of Brexit, and the recent social events in Hong Kong, had intensified market negative sentiment, and Yunfeng Financial would carefully respond to challenges. In particular, the outbreak of COVID-19 was expected to slow down the agency sales effort in 2020. It was expected to have a short term impact but it also depended on the duration and whether the spread could be contained due to both local and worldwide effort. For the long term prospect, with a foothold in Hong Kong, Yunfeng Financial would grasp the opportunities emerging in the Greater Bay Area, connect Mainland China with foreign countries, empower financial institutions with technologies and continue to forge a one-stop professional financial platform.

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

Based on its published financial information, Hsin Chong had equity attributable to owners of HK$10,873,051,000 and HK$9,990,782,000 at 31 December 2017 and 30 June 2018 respectively. Hsin Chong recorded a loss attributable to owners of HK$774,382,000 and HK$704,973,000 for the year ended 31 December 2017 and the six months ended 30 June 2018 respectively.

Trading in the shares of Hsin Chong was suspended on 3 April 2017. The entire carrying amount of the shares in Hsin Chong held by the Group of HK$31,500,000 was fully impaired in the year ended 31 December 2017.

On 20 December 2019, Hsin Chong issued an announcement relating to the decision of the Listing Review Committee on cancellation of its listing. As stated in the announcement, the Listing Review Committee had decided to uphold the decision of cancelling Hsin Chong's listing under Rule 6.01A of the Listing Rules on 17 December 2019. Hsin Chong was obtaining legal and professional advice and would decide what the appropriate step(s) to be taken including but not limited to apply for review against the Listing Review Committee's decision.

On 30 December 2019, Hsin Chong issued an announcement relating to the cancellation of its listing. As stated in the announcement, the Exchange would cancel Hsin Chong's listing with effect from 9:00 a.m. on 17 December 2019. Hsin Chong was still seeking advice from professional parties and considering available options. The share certificates of the shares in Hsin Chong should remain valid. The shares in Hsin Chong would not be listed and tradeable on the Exchange.

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

Money lending business

During the year, the Group's money lending business generated interest income on loans amounting to HK$104,034,000, an 8% increase from HK$96,274,000 for the previous year, and reported a segment profit (before taxation) of HK$72,496,000, a 127% increase from HK$31,978,000 for the previous year. The increase in segment profit was mainly attributable to a HK$19,670,000 decrease in staff costs and a HK$13,073,000 decrease in allowance for credit losses on loan receivables.

The average monthly outstanding balance of loan receivables (before accumulated allowance for credit losses and accrued interest receivables) increased from HK$1,055,373,000 in the year ended 31 December 2018 to HK$1,118,341,000 in the year ended 31 December 2019. During the year, the Group granted new loans in the aggregate principal amount of HK$144,000,000 to four customers and extended the final repayment dates of the existing loans in the aggregate principal amount of HK$555,000,000. The Group's customers made drawings in the aggregate principal amount of HK$173,000,000 from the existing and new loans and repaid HK$256,280,000 to the Group. In June 2019, the outstanding principal amount of HK$100,000,000 of a loan granted to a customer was utilised by the Group to subscribe for the new shares of this customer.

At the end of the reporting period, the directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Based on the valuation, a HK$4,474,000 allowance for credit losses on loan receivables was made. At 31 December 2019, the Group's loan receivables together with accrued interest receivables (before accumulated allowance for credit losses) amounted to HK$1,000,071,000 (31 December 2018: HK$1,186,286,000). Return on loan receivables for the year ended 31 December 2019 is 9%, which is same as the previous year.

Sale of jewelry products business

During the year, the Group's sale of jewelry products business generated revenue of HK$68,422,000, a 40% increase from HK$48,779,000 for the previous year, and reported a segment profit (before taxation) of HK$74,000, whereas a segment loss of HK$6,473,000 was recorded in the previous year. The turnaround in segment results was attributable to the increase in sale and gross profit margin as discussed below.

After years of efforts in business development, certain customers in the United States increased their sales orders to the Group. On the other hand, a European customer also increased its sales orders to the Group. Accordingly, the Group reported a 40% increase in revenue of its sale of jewelry products business. The gross profit margin on the Group's sale of jewelry products business improved from 10% to 18%, which was attributable to a decrease in moulding and production costs in producing samples for business development and the successful negotiations with sub-contractors in reducing product costs. However, the Group saw a slowdown in sales orders from the United States in the fourth quarter of 2019 as the United States has imposed extra tariff on jewelry products imported from Mainland China since September 2019. Despite the escalating trade tension between the United States and Mainland China and uncertainty about Brexit, the Group made sales and marketing efforts in expanding its customer base in order to improve the profitability of its sale of jewelry products business during the year. At the end of the reporting period, the directors performed an impairment assessment on the Group's trade receivables with reference to a valuation prepared by the independent professional valuer. Based on the valuation, an allowance for credit losses on trade receivables of HK$56,000 was recognised. Return on capital employed in sale of jewelry products for the year ended 31 December 2019 is 0% (2018: -16%).

At 31 December 2019, the Group's inventories of jewelry products, including raw materials, work-in-progress and finished goods, amounted to HK$32,000,000 (31 December 2018: HK$33,222,000) and the Group's sale of jewelry products business had undelivered sales orders amounting to HK$800,000 (31 December 2018: HK$709,000).

Property investment business

During the year, the Group's property investment business generated rental income of HK$25,549,000, a 30% decrease from HK$36,286,000 for the previous year, and recorded a segment loss (before taxation) of HK$119,006,000, a 57% improvement from HK$279,788,000 for the previous year. The decrease in rental income was mainly due to the absence of the rental income generated from the Group's investment properties located in Guangzhou, Mainland China as such investment properties were disposed of on 22 June 2018. The improvement in segment results was attributable to the absence of the previous year's written-off of property, plant and equipment of HK$233,622,000, which was partially offset by the recognition of the HK$49,782,000 written-off of property, plant and equipment as discussed below. Of the total rental income, HK$20,454,000 was generated from the assets of the Club and HK$5,095,000 was generated from the investment property portion of the Shun Tak Property.

In late October 2019, the Group was informed the gross floor area of the development plan for the second and third phases of the Subject Land submitted to the relevant governmental authorities exceeded the gross floor area of properties permitted to be erected. In view of the lengthy approval process and the Group's intention of speeding up the development of the Subject Land, the directors decided to allocate the gross floor area of the two hotel villas erected on the first phase of the Subject Land to the second and third phases of the Subject Land by demolishing the two hotel villas in order to rectify the issue arising from the excess of the gross floor area. Following the demolition of the two hotel villas erected on the first phase of the Subject Land in November 2019, the Group recognised the HK$49,782,000 written-off of property, plant and equipment. It was originally planned to invite tenders for the construction works of the second and third phases of the Subject Land after the 2020 Lunar New Year holiday and commence the construction in April 2020. However, the outbreak of novel coronavirus in Mainland China in January 2020 has disrupted the economic activities across Mainland China as companies and factories have been closed for an extended Lunar New Year holiday. As such, the Group has delayed the construction until the pandemic ends. It is expected that the delay in the construction does not have any material impacts on the Group's property investment business as the pandemic will not last too long.

As disclosed in the Company's 2019 interim report, the development of a new business, namely cultural business, on the first phase of the Subject Land has been temporarily suspended pending for the outcome of the discussions with two Mainland China wedding planners relating to the co-operative arrangement for the provision of the open garden square and the buildings erected on the Subject Land as venue for wedding ceremony. Given that the two hotel villas erected on the first phase of the Subject Land were demolished in November 2019, the Group and the two Mainland China wedding planners are in discussions for revising the business plans for the co-operative arrangement for the provision of wedding ceremony venue. However, discussions are held over due to the novel coronavirus outbreak and will resume after the pandemic ends. In addition to the cultural business and the wedding ceremony business, the Group is exploring the development of sports business on the Subject Land as it is believed that sport is more appealing to general public. The Group has commenced discussions with two independent third parties for setting up (i) a basketball training school to be operated by a renowned Taiwanese player from the Chinese Basketball Association, and (ii) a football academy to be operated by a first-tier European football club in December 2019. As the discussions with the two independent third parties are at a preliminary stage and no terms have been reached for the development of sports business at the end of the reporting period. Due to the novel coronavirus outbreak, discussions with the two independent third parties have been deferred until the pandemic ends.

At the end of the reporting period, the directors performed impairment tests for the goodwill arising from the acquisition of Smart Title Limited and the intangible assets relating to (i) the rights to construct and operate the club facilities of the Club, and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land with reference to the two valuation reports, which adopted discounted cash flow projections to assess the value in use of the property investment business in Beijing, Mainland China, prepared by an independent professional valuer. As the recoverable amount of the cash-generating unit of the Group's property investment operations under Smart Title Limited exceeded its carrying amount, no impairment of goodwill and intangible assets was required.

In view of the delay in the construction of the second and third phases of the Subject Land and the temporary suspension of the development of the cultural business, the relevant discounted cash flow projections used to measure value in use for determining the recoverable amount of the cash-generating unit of Smart Title Limited have been adjusted in order to reflect the impacts on the expected cash inflows and outflows resulted from the delay and the suspension. In addition, the discount rate for the relevant discounted cash flow projections was reduced by 1% reflecting the change in market premium. Other than the above, there are no significant changes in the value of the inputs and key assumptions from the discounted cash flow projections previously adopted.

Prior to 1 January 2019, the Group entered into two lease agreements relating to (i) the rights to construct and operate the Club up to 31 December 2051, and (ii) the rights to develop and operate the Subject Land and the rights to manage the properties erected on the Subject Land up to 30 January 2062. On the date of application of HKFRS 16 *Leases*, the Group recognised HK$82,912,000 right-of-use asset and HK$89,025,000 lease liability relating to the Club, and HK$153,869,000 right-of-use asset and HK$175,942,000 lease liability relating to the Subject Land in its consolidated statement of financial position. At the end of the reporting period, the directors tested the right-of-use assets for impairment with reference to the two valuation reports prepared by the independent professional valuer and concluded that no impairment for the Group's right-of-use assets was required.

At the end of the reporting period, the directors measured the investment property portion of the Shun Tak Property at fair value. Based on the property valuation report prepared by the independent qualified valuer, the fair value of the investment property portion of the Shun Tak Property decreased from HK$175,600,000 at 31 December 2018 to HK$159,200,000 at 31 December 2019. Accordingly, the Group recognised the loss of HK$16,400,000 arising on change in fair value of investment properties.

Return on property investment for the year ended 31 December 2019 is -3% (2018: 3%). The deterioration in return was attributable to the absence of the previous year's gain of HK$14,500,000 arising from change in fair value of investment properties and the recognition of the loss of HK$16,400,000 arising on change in fair value of investment properties in this year.

Investments in associates

Elite Prosperous is an investment holding company and the principal asset of which is the term loan of US$10,000,000 (equivalent to HK$78,410,000) advanced to an unlisted investment holding company. The principal subsidiaries of the unlisted investment holding company are engaged in (i) agency payment services, (ii) currency exchange services, and (iii) provision of online, mobile and cross-border payment services. Pursuant to the loan instrument, Elite Prosperous is entitled to convert the term loan into (i) such number of preferred shares in the capital of the unlisted investment holding company, or (ii) such number of preferred shares in the capital of one of the wholly-owned subsidiary of the unlisted investment holding company, which is engaged in provision of online, mobile and cross-border payment services. In May 2019, a subsidiary of the unlisted investment holding company has been awarded a stored value facilities licence by Hong Kong Monetary Authority. During the year, no conversion of the term loan was taken place as the unlisted investment holding company has been doing a fund raising exercise. At the end of the reporting period, Elite Prosperous measured the term loan at fair value. Based on a valuation report prepared by the independent professional valuer, the fair value of the term loan decreased from HK$114,553,000 at 31 December 2018 to HK$62,861,000 at 31 December 2019 and Elite Prosperous recognised a loss of HK$51,692,000 arising on change in fair value of the term loan in profit or loss. During the year, Elite Prosperous reported a loss of HK$51,692,000 and the Group shared a loss of HK$25,329,000 from Elite Prosperous.

Global Mastermind is an investment holding company and its subsidiaries are principally engaged in the provision and operation of travel business, treasury management business, money lending business and provision of securities, futures, corporate finance advisory and asset management services. During the year, Global Mastermind reported a loss of HK$54,593,000 and the Group shared a loss of HK$15,854,000 from Global Mastermind. Global Mastermind reported a 16% improvement in its results in the year ended 31 December 2019, which was mainly due to a decrease in impairment losses recognised on trade and loan receivables.

Following the appointment of Mr. Cheung Kwok Wai Elton as an executive director of China Healthwise on 28 October 2019, the Group has two executive board seats in the board of directors of China Healthwise and is regarded as having a significant influence over China Healthwise. As a result, the Group changed the accounting treatment of its investment in 1,483,728,240 shares in China Healthwise from “financial assets at FVTPL” to “interests in associates”. In recognising China Healthwise as an associate, the Group recorded the loss of HK$39,848,000 arising on change in fair value of financial assets at FVTPL and the gain on bargain purchase of an associate of HK$14,044,000. China Healthwise is an investment holding company and its subsidiaries are principally engaged in sales of toys and Chinese health products, money lending business, and investment in financial instruments. During the period from 28 October 2019 to 31 December 2019, China Healthwise reported a loss of HK$31,017,000 and the Group shared a loss of HK$5,850,000 from China Healthwise.

Future Prospects

As the novel coronavirus is spreading around the world and the new confirmed cases of the novel coronavirus continue to surge, the economic disruptions caused by the novel coronavirus and the increased uncertainty are being reflected in lower valuations and increased volatility in the financial markets. While the exact effect of the novel coronavirus on the global economy is unknown and unknowable, it is clear that it poses tremendous risks. Accordingly, the directors will cautiously monitor Hong Kong equity market and the fundamentals of each of the Hong Kong listed equities held by the Group. The directors will adjust the Group's equity portfolio from time to time and realise the Hong Kong listed equities held by the Group into cash as and when appropriate in 2020.

Given that the exact effect of the novel coronavirus on the global economy is unknown and unknowable, the Group will slow down the pace of its money lending business in 2020. In addition, the construction of the second and third phases of the Subject Land will commence in 2020, some of the internal cash resources of the Group will allocate to finance the development of the Subject Land. The directors expect the interest income on loans generated from the Group's money lending business in 2020 will be slightly less than that in 2019.

Following years of efforts in business development, the Group's sale of jewelry products business has successfully established business relationships with jewelry retail chain stores and wholesalers in Europe and the United States and the performance of the Group's sale of jewelry products business has gradually improved in recent years. Due to the introduction of extra tariff on jewelry products imported from Mainland China to the United States on 1 September 2019 and the novel coronavirus outbreak in January 2020, the directors expect the performance of the Group's sale of jewelry products business will be inevitably affected in 2020 due to the severe travel restrictions and/or lockdowns recently imposed by countries around the world for stemming the spread of the novel coronavirus.

As the Group is in discussions with various parties for the business development on the first phase of the Subject Land and the second and third phases of the Subject Land are still in development stage, the directors expect that the performance of the Group's property investment business before non-recurring items, such as written-off of property, plant and equipment, in 2020 will be almost the same as 2019.

Due to economic and market uncertainty, the directors remain cautious and watchful over the development of the novel coronavirus pandemic and its impacts. The directors are committed to lead the Group to weather the challenges and continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing its existing businesses.

Impact of the Novel Coronavirus on the Group's Business Operations

It has been mentioned in the section headed "Operations Review" above that the novel coronavirus pandemic has already caused the delay in the construction of the second and third phases of the Subject Land and the temporary suspension of the business development of the first phase of the Subject Land. Due to the severe travel restrictions and/or lockdowns recently imposed by countries around the world, the Group's sale of jewelry products business has been inevitably affected.

If the novel coronavirus pandemic continues for a prolonged period of time, it will definitely have consequences for the Group's business operations, the extent of which could not be estimated as at the date of this unaudited annual results announcement. The directors will cautiously monitor the development of the novel coronavirus pandemic and react proactively to its impact on the Group's business operations.

Principal Risks and Uncertainties

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

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

Principal risks	*Description*	*Mitigating actions*
Strategic risk	Strategic risk is the risk that medium and long-term profitability and/or reputation of the Group could be adversely impacted by the failure either to identify or implement the correct strategy, or to react appropriately to changes in the business environment.	• Extensive investment management experience of the Board. • Regularly review on strategy and performance of each business unit. • Perform comprehensive due diligence on all potential acquisitions.

Principal risks	*Description*	*Mitigating actions*
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance through higher bad debts as a result of customers' inability to repay loans and lower asset values.	• Regularly review forward looking indicators to identify economic conditions.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Fully understand customers and carry out credit quality assessment on customers before granting loans. • Regularly monitor loan receivables and assess for their recoverability. • Limit credit risk exposure by granting loan to any single customer of not more than 8% of the consolidated total assets of the Group. • Make rental contracts with tenants with an appropriate credit history.
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	• Regularly monitor liquidity and statement of financial position. • Maintain appropriate liquidity to cover commitments. • Limit liquidity risk exposure by investing only in securities listed on stock exchanges. • Ensure acceptable and appropriate finance in place, or believed to be available before committing investment projects.
Price risk	Price risk is the risk that changes in equity prices will affect the Group's income and the value of its holdings of equities.	• Regularly monitor equity portfolio to address any portfolio issues promptly. • Spread price risk exposure by investing a number of equities.

Principal risks	*Description*	*Mitigating actions*
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates will affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and where considered appropriate use financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge this exchange risk.
People risk	People risk is the risk of loss of the services of any directors, senior management and other key personnel which could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages that ensure our ability to attract and retain the employees the Group needs. • Ensure that the staff of the Group has the right working environment to enable them to do the best job possible and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement any required changes. • Seek legal or other specialist advice as appropriate.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019, except for:

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

INFORMATION DISCLOSED PURSUANT TO RULES 13.49(3)(i)(a) TO (c) OF THE LISTING RULES

The following information is disclosed pursuant to Rules 13.49(3)(i)(a) to (c) of the Listing Rules:

(a) Due to the novel coronavirus outbreak in January 2020, the auditing processes of the consolidated financial results of the Group for the year ended 31 December 2019 have not completed as HLB Hodgson has not been able to arrange its staff to travel to Beijing, Mainland China, where certain major subsidiaries of the Group are located, to perform audit fieldwork since February 2020 as the result of the quarantine requirements imposed by the People's Government of Beijing Municipally and the Hong Kong government amid the novel coronavirus outbreak.

    Given that the auditing processes have not completed, the Company is not able to obtain an agreement with HLB Hodgson on the Group's consolidated financial results for the year ended 31 December 2019.

(b) The directors are not able to determine the expected date of announcement of the audited consolidated financial results of the Group for the year ended 31 December 2019 which shall have been agreed with HLB Hodgson as HLB Hodgson is not able to determine the timetable for arranging its staff to travel to Beijing, Mainland China to perform audit fieldwork due to the quarantine requirements that continues in force for preventing more imported cases of the novel coronavirus.

It is expected that the audit processes will resume as soon as practicable once the quarantine requirements are relieved. Following the completion of the audit processes, the Company will issue an announcement relating to the audited consolidated financial results of the Group for the year ended 31 December 2019 and the expected date of publication of the annual report of the Company for the year ended 31 December 2019.

(c) The Audit Committee of the Board has reviewed with the management this unaudited annual results announcement and the 2019 Unaudited Consolidated Financial Statements. The Audit Committee of the Board has no disagreement on any accounting treatments which had been adopted or particulars published in this unaudited annual results announcement.

WARNING STATEMENT

Shareholders and potential investors should note that the financial information contained in this unaudited annual results announcement is based on the 2019 Unaudited Consolidated Financial Statements and has not been agreed with HLB Hodgson.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

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

Hong Kong, 30 March 2020

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