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高富集團控股有限公司
GT GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 263)

UNAUDITED FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

UNAUDITED FINAL RESULTS

For the reasons explained below under "Review of Unaudited Final Results", the auditing process for the final results of GT Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") has not been completed. In the meantime, the board (the "Board") of directors (the "Directors") of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the corresponding period in 2018 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	**2019** *HK$'000* **(unaudited)**	2018 *HK$'000* (audited)
Revenue	*4*	**55,948**	(95,125)
Cost of services and sales		**(2,079)**	(134)
Gross profit/(loss)		**53,869**	(95,259)
Other income		**2,999**	15,844
Loss allowance on loans receivable		**(168,873)**	(6,411)
Loss allowance on accounts and other receivables		**(26,394)**	(4,702)
Impairment loss on interests in associates		**(14,325)**	(306,893)
Impairment loss on property, plant and equipment		**(15,527)**	–
Unrealised loss on financial assets at fair value through profit or loss		**(145,599)**	(116,983)
Share of loss of associates		**(2,373)**	(10,065)
Administrative expenses		**(71,084)**	(89,514)
Finance costs		**(150,700)**	(128,181)
Loss before tax		**(538,007)**	(742,164)
Taxation	*6*	**919**	(2,544)
Loss for the year	*7*	**(537,088)**	(744,708)

	Notes	**2019**	2018
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Attributable to:			
Owners of the Company		**(537,088)**	(744,708)

		2019	2018
		HK$	*HK$*
		(unaudited)	(audited)
			(restated)
Loss per share			
— Basic and diluted	*8*	**(3.83)**	(5.31)

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	**2019** *HK$'000* **(unaudited)**	2018 *HK$'000* (audited)
Loss for the year	*7*	**(537,088)**	(744,708)
Other comprehensive income for the year, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value change in financial assets at fair value through other comprehensive income		**–**	(25,727)
Recovery of cost of investment in financial assets of fair value through other comprehensive income	*9 (ii)(b)*	**–**	23,418
Gain on disposal of financial assets at fair value through other comprehensive income, net	*9(i) & (ii)(b)*	**–**	21,563
		–	19,254
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of overseas operations		**(374)**	(1,941)
Share of other comprehensive expense of associates		**(6,654)**	(8,745)
		(7,028)	(10,686)
Other comprehensive (expense)/income for the year		**(7,028)**	8,568
Total comprehensive expense for the year		**(544,116)**	(736,140)
Attributable to:			
Owners of the Company		**(544,116)**	(736,140)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019** *HK$'000* **(unaudited)**	2018 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**2,378**	3,292
Interests in associates		**366,536**	389,888
Prepayment		**500**	600
Financial assets at fair value through other comprehensive income	*9*	**–**	–
Other assets		**2,205**	2,205
Trading right		**–**	–
Long-term loan receivable	*11*	**15,254**	13,500
		386,873	409,485
Current assets			
Accounts and other receivables	*10*	**39,489**	82,104
Short-term loans receivable	*11*	**140,698**	380,404
Financial assets at fair value through profit or loss		**337,849**	467,244
Bank balances held under segregated trust accounts		**38,515**	23,695
Bank balances and cash		**21,096**	22,894
		577,647	976,341
Current liabilities			
Trade and other payables	*12*	**189,340**	83,105
Loans payable	*13*	**678,266**	682,195
Notes payable	*14*	**312,596**	312,596
Lease liabilities		**9,126**	–
		1,189,328	1,077,896
Net current liabilities		**(611,681)**	(101,555)
Total assets less current liabilities		**(224,808)**	307,930
Non-current liabilities			
Notes payable	*14*	**178,526**	172,959
Deferred tax liabilities		**2,883**	3,802
Lease liabilities		**6,730**	–
		188,139	176,761
Net (liabilities)/assets		**(412,947)**	131,169
Capital and reserves			
Share capital	*15*	**2,824,801**	2,824,801
Reserves		**(3,237,748)**	(2,693,632)
Total equity		**(412,947)**	131,169

Notes:

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office and the principal place of business of the Company is Units 2502-5, 25th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

The Company is an investment holding company. The Group is principally engaged in trading of goods, provision of finance, brokerage and securities investment and investment holding.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Company and its subsidiaries (collectively, the "Group") had applied a number of new HKFRSs and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are mandatorily effective for an accounting period that begins on or after 1 January 2019. These new and revised HKFRSs have been applied by the Group for the first time in the current year unless otherwise specified. The impacts of these amendments are described below.

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

The application of the above new and revised to HKFRSs in the current year, except for HKFRS 16, has no material impact on the Group's consolidated financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of HKFRS 16 on the Group's consolidated financial statements is described below.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach. Comparative information has not been restated and continues to be reported under HKAS17. The adjustments arising from the new leasing rules are therefore recognised in the opening balances of the consolidated statement of financial position on 1 January 2019. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in HKFRS 16 have not generally been applied to comparative information.

(a) ***Impact of the new definition of a lease***

The Group has made use of the practical expedient available on transition to HKFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with HKAS 17 and HK(IFRIC)-Int 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. HKFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in HKAS 17 and HK(IFRIC)-Int 4.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed for whether there is a lease under HKFRS 16. Therefore, the definition of a lease under HKFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

(b) ***Impact on lessee accounting***

(i) *Former operating leases*

HKFRS 16 changes how the Group accounts for leases previously classified as operating leases under HKAS 17, which were off balance sheet.

Applying HKFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under HKAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under HKFRS 16, right-of-use assets are tested for impairment in accordance with HKAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within 'other expenses' in profit or loss.

(ii) *Former finance leases*

The main differences between HKFRS 16 and HKAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. HKFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by HKAS 17. This change did not have any effect on the Group's consolidated financial statements as the Group did not have any finance lease payables.

(c) ***Impact on Lessor Accounting***

HKFRS 16 does not change substantially how a lessor accounts for leases. Under HKFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, HKFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under HKFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under HKAS 17).

This change did not have any effect on the Group's consolidated financial statements as the Group did not have any finance lease receivables.

(d) ***Financial impact of the initial application of HKFRS 16***

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019 (date of initial application of HKFRS 16). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8% per annum.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- the accounting for operating leases with a remaining lease term within 12 months as at 1 January 2019 as short-term leases; and

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Upon adoption of HKFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 December 2018 and lease liabilities recognised in the opening of the consolidated statement of financial position as at 1 January 2019 (date of initial application of HKFRS 16) is as follows:

	HK$'000 (unaudited)
Operating lease commitments disclosed as at 31 December 2018	27,933
Effect of discounting	(2,353)
Lease liabilities recognised as at 1 January 2019	25,580
Of which are:	
– Current lease liabilities	10,043
– Non-current lease liabilities	15,537
	25,580

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 January 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy resulted in the recognition of both right-of-use assets and lease liabilities of HK$25,580,000 in the opening of the consolidated statement of financial position on 1 January 2019.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 *HK$'000* (audited)	HKFRS 16 adjustment *HK$'000* (unaudited)	**Carrying amount at 1 January 2019** ***HK$'000*** **(unaudited)**
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	3,292	25,580	**28,872**
Total non-current assets	409,485	25,580	**435,065**
Lease liabilities (current)	–	10,043	**10,043**
Current liabilities	1,077,896	10,043	**1,087,939**
Net current liabilities	101,555	10,043	**111,598**
Total assets less current liabilities	307,930	15,537	**323,467**
Lease liabilities (non-current)	–	15,537	**15,537**
Total non-current liabilities	176,761	15,537	**192,298**
Net assets	131,169	–	**131,169**

Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The Group has not applied any of the following new HKFRSs, amendments to HKFRSs and new interpretations ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

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

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

Management is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application. These new standards and amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcements of annual results for the years ended 31 December 2019 and 2018 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements of the Group for the year ended 31 December 2018. The auditor's report was unqualified; contained a matter regarding the doubt about the Company's ability to continue as a going concern which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Company's auditor informed the Company that the auditing process for financial information for the year ended 31 December 2019 contained in this announcement has yet to complete due to restrictions in force in parts of China to combat the COVID-19 outbreak. Following the completion of the auditing process, the Company will deliver the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies in due course.

Going Concern Basis

The consolidated financial statements depict the Group incurred a net loss of approximately HK$537,008,000 for the year ended 31 December 2019 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$611,681,000. Its total loans payables and notes payable amounted to approximately HK$1,169,388,000, out of which approximately HK$990,862,000 has been overdue. The Directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations and taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

Loans payable and notes payable

(i) A loan payable of HK$18,000,000 which has been overdue since September 2018;

(ii) A loan payable of US$49,500,000, equivalent to approximately HK$386,816,000, which has been overdue since March 2019;

(iii) Note payable of US$40,000,000, equivalent to approximately HK$312,596,000, which was due and payable since September 2019; and

(iv) A loan payable from financial institution of US$35,000,000, equivalent to approximately HK$273,450,000, of which there is a repayment on demand clause in the loan agreement that gives the lender an unconditional right at any time to require immediate payment. According to the repayment schedule of the loan agreement, US$5,000,000, equivalent to approximately HK$39,064,000, which has been overdue since November 2019. The non-repayment of loan principal of such amount in accordance with the scheduled repayment terms had caused the relevant remaining non-overdue balance to become immediately repayable pursuant to the respective loan agreement.

For the above overdue loan payable and note payable, the Group is currently in the process of negotiating with loan lenders and the noteholder for extension of the liabilities.

Future financing

The Group is actively considering all possible fund raising exercises and/or obtain new loan facility with an aim to finance the above loans and interest repayment.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively.

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

4. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Revenue from contracts with customers		
— Commission and brokerage income	**606**	1,196
— Sales of cosmetic products	**1,583**	–
	2,189	1,196
Revenue from other sources		
— Interest income from provision of finance	**50,112**	48,044
— Interest income from margin and cash clients	**5,506**	5,301
— Net realised results from securities trading*	**(1,859)**	(149,666)
	53,759	(96,321)
	55,948	(95,125)

During the year, all the revenue from contracts with customers is recognised at a point in time.

* Represented the proceeds from the sale of investments at fair value through profit or loss of approximately HK$10,056,000 (2018: approximately HK$360,958,000) less cost of sales and the weighted average cost of the investments sold of approximately HK$11,915,000 (2018: approximately HK$510,624,000).

5. BUSINESS AND GEOGRAPHICAL SEGMENT INFORMATION

Business segment information

The Group's reportable and operating segments, based on information reported to the Board of the Company, being the chief operating decision maker ("CODM"), are as follows:

- trading of goods;
- provision of finance; and
- brokerage and securities investment.

For the purposes of resource allocation and assessment of segment performance, CODM monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

- Segment revenue represents revenue generated from external customers; net gain/(loss) on investments held for trading activities are also included in segment revenue;
- Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, share of results of associates, central administration costs, directors' salaries, finance costs for loans payable and income tax credit or expense;
- Segment assets include all tangible and intangible assets and current assets;
- Segment liabilities include all trade and other payables, lease liabilities and deferred tax liabilities;
- Unallocated assets include, financial assets at fair value through other comprehensive income, interests in associates and other assets for the corporate use; and
- Unallocated liabilities include loans payable, other payables, lease liabilities and notes payable unallocated.

For the year ended 31 December 2019

	Trading of goods *HK$'000* (unaudited)	Provision of finance *HK$'000* (unaudited)	Brokerage and securities investment *HK$'000* (unaudited)	Elimination/ unallocated *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
Segment revenue and results					
REVENUE					
External sales	**1,583**	**50,112**	**4,253**	**–**	**55,948**
Inter-segment sales*	**–**	**–**	**17**	**(17)**	**–**
Segment revenue	**1,583**	**50,112**	**4,270**	**(17)**	**55,948**
RESULTS					
Segment results	**(171)**	**(122,820)**	**(175,208)**	**–**	**(298,199)**
Unallocated income					**915**
Unallocated expenses					**(73,325)**
Finance costs					**(150,700)**
Share of results of associates					**(2,373)**
Impairment loss on interests in associates					**(14,325)**
Loss before tax					**(538,007)**
Segment assets and liabilities					
ASSETS					
Segment assets	**2,106**	**165,551**	**414,286**	**(5)**	**581,938**
Unallocated assets					**382,582**
Total consolidated assets					**964,520**
LIABILITIES					
Segment liabilities	**10**	**567,163**	**85,684**	**(566,276)**	**86,581**
Unallocated liabilities					**1,290,886**
Total consolidated liabilities					**1,377,467**
Other information:					
Additions to property, plant and equipment	**–**	**–**	**13**	**487**	**500**
Depreciation of property, plant and equipment	**–**	**9**	**2,694**	**8,766**	**11,469**
Impairment loss on property, plant and equipment	**–**	**–**	**976**	**14,551**	**15,527**
Net unrealised loss on financial assets at fair value through profit or loss	**–**	**–**	**145,599**	**–**	**145,599**
Income tax credit	**–**	**–**	**–**	**919**	**919**

* Inter-segment sales were charged at terms determined and agreed between the group companies.

For the year ended 31 December 2018

	Trading of goods *HK$'000* (audited)	Provision of finance *HK$'000* (audited)	Brokerage and securities investment *HK$'000* (audited)	Elimination/ unallocated *HK$'000* (audited)	Total *HK$'000* (audited)
Segment revenue and results					
REVENUE					
External sales	–	48,044	(143,169)	–	(95,125)
Inter-segment sales*	–	–	185	(185)	–
Segment revenue	–	48,044	(142,984)	(185)	(95,125)
RESULTS					
Segment results	–	37,016	(278,886)	–	(241,870)
Unallocated income					14,261
Unallocated expenses					(69,416)
Finance costs					(128,181)
Share of results of associates					(10,065)
Impairment loss on interests in associates					(306,893)
Loss before tax					(742,164)
Segment assets and liabilities					
ASSETS					
Segment assets	–	417,662	554,301	–	971,963
Unallocated assets					413,863
Total consolidated assets					1,385,826
LIABILITIES					
Segment liabilities	–	523,189	47,107	(522,297)	47,999
Unallocated liabilities					1,206,658
Total consolidated liabilities					1,254,657
Other information:					
Additions to property, plant and equipment	–	45	143	–	188
Depreciation of property, plant and equipment	–	5	978	404	1,387
Net unrealised loss on financial assets at fair value through profit or loss	–	–	116,983	–	116,983
Income tax (credit)/expenses	–	–	(1,258)	3,802	2,544

* Inter-segment sales were charged at terms determined and agreed between the group companies.

Geographical segment information

The Group's three reportable and operating segments operate in Hong Kong and all the Group's revenue from external customers for the years ended 31 December 2019 and 2018 were derived from Hong Kong.

The following table provides an analysis of the Group's non-current assets (excluding financial assets) based on the geographical markets as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
PRC	**366,536**	389,888
Hong Kong	**5,083**	6,097
Others	**–**	–
	371,619	395,985

Information about major customers

The following is an analysis of revenue from customers contributing over 10% of total revenue of the Group (excluding the net realised results from securities trading) for the current and last year:

	Reportable and operating segments	**2019**	2018
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Customer A	Provision of finance/brokerage and securities investment	**10,825**	14,152
Customer B	Provision of finance	**6,640**	N/A#
Customer C	Provision of finance	**N/A***	7,157
Customer D	Provision of finance	**N/A***	6,123
Customer E	Provision of finance/brokerage and securities investment	**N/A***	5,115

* Revenue from Customer C, D and E did not contribute over 10% of the total revenue of the Group (excluding the net realised results from securities trading) for the year ended 31 December 2019.

Revenue from Customers B did not contribute over 10% of the total revenue of the Group (excluding the net realised results from securities trading) for the year ended 31 December 2018.

6. TAXATION

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Income tax (credit)/expenses comprise:		
Current tax		
— Hong Kong Profits Tax	**–**	–
— PRC Enterprise Income Tax	**–**	–
	–	–
Over-provision in prior years:		
— Hong Kong	**–**	(1,258)
	–	(1,258)
Deferred tax — current year	**(919)**	3,802
	(919)	2,544

Hong Kong Profits Tax is calculated at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year ended 31 December 2019.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Income tax (credit)/expenses for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2019	2018
	HK$'000	HK$'000
	(unaudited)	(audited)
Loss before tax	**(538,007)**	(742,164)
National tax on loss before tax, calculate at the tax rates applicable to profits in the jurisdictions concern	**(88,698)**	(122,457)
Tax effect of share of results of associates	**392**	1,661
Tax effect of expenses not deductible for tax purpose	**53,128**	74,288
Tax effect of income not taxable for tax purpose	**(469)**	(19,133)
Tax effect of temporary differences not recognised	**27**	55
Tax effect of tax losses not recognised	**35,620**	65,586
Over-provision for prior year	**–**	(1,258)
Deferred tax on promissory note	**(919)**	3,802
	(919)	2,544

7. LOSS FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss for the year has been arrived at after charging:		
Staff costs including directors' remuneration		
— Salaries, allowances and other benefits	**26,446**	28,752
— Retirement benefits schemes contributions	**813**	781
	27,259	29,533
Auditors' remuneration		
Audit services	**1,550**	1,550
Non-audit services	**603**	903
	2,153	2,453
Impairment loss on interests in associates	**14,325**	306,893
Impairment loss on property, plant and equipment	**15,527**	–
Loss allowance on loans receivable	**168,873**	6,411
Loss allowance on accounts and other receivables	**26,394**	4,702
Depreciation of property, plant and equipment	**11,469**	1,387
Foreign exchange loss, net	**3**	881

8. LOSS PER SHARE

On 28 March 2019, the consolidation of every 10 issued shares into 1 consolidated share and the rights issue on the basis of 4 rights shares for every 1 consolidated share held by the shareholders of the Company, at a subscription price of HK$0.56 per rights share were approved.

The consolidation of shares was effective already on 29 March 2019, but the proposed rights issues was lapsed on 31 August 2019.

The effect of consolidated shares and bonus element resulting from the rights issue has been included in the calculation of basic and diluted loss per share for the year ended 31 December 2018 in the consolidated financial statements for that year.

However, as the proposed rights issue was lapsed eventually, the effect of bonus element of the rights issue shall not be included in the calculation of basic and diluted loss per share for the year ended 31 December 2018, the prior period basic and diluted loss per share are thus adjusted as if proposed right issue not taking place.

The calculation of the basic and diluted loss per share attributable to the owners of the Company for the years ended 31 December 2019 and 2018 is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**537,088**	744,708
	2019	2018
	Number of shares	Number of shares
	'000	*'000*
		(Restated)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**140,192**	140,192
Basic loss per share (HK dollars)	**3.83**	5.31
Diluted loss per share (HK dollars)	**3.83**	5.31

Diluted loss per share for the years ended 31 December 2019 and 2018 were the same as basic loss per share as the Company did not have dilutive potential ordinary shares for the years ended 31 December 2019 and 2018.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Equity securities			
— Listed securities	*(i)*	**–**	–
— Unlisted securities	*(ii)*	**–**	–
		–	–

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(i) Listed securities

The listed securities recognised as financial assets at FVTOCI represent the Group's listed investment in Aurelia Metals Limited. During the year ended 31 December 2018, the Group disposed of all its listed investment in Aurelia Metals Limited on-market at a total consideration of approximately AUD6,813,000 (equivalent to approximately HK$41,275,000). A gain on disposal of financial assets at FVTOCI amounting to approximately AUD3,595,000 (equivalent to approximately HK$21,563,000) was recognised in the other comprehensive income during the year ended 31 December 2018. A cumulative losses of approximately HK$20,293,000 was transferred from FVTOCI reserve to accumulated losses upon disposal.

(ii) Unlisted securities

(a) According to the latest information available, Joint Global Limited was annulled in the Republic of the Marshall Islands. The management of the Company considered that the fair value of this investment is HK$Nil (2018: Nil).

(b) In respect of the investment in Singularity Advisory (Cayman) Limited ("Singularity"), the Group received distribution of approximately US$3,613,000 (equivalent to approximately HK$28,208,000) from Singularity in February 2018, of which US$3,000,000 (equivalent to approximately HK$23,418,000) was considered as the recovery of cost of investment. The remaining part of the distribution of approximately US$613,000 (equivalent to approximately HK$4,790,000) represented the return on investment and was recognised as dividend in the profit or loss during the year ended 31 December 2018.

On 10 April 2018, the Group disposed of all the investment in Singularity to an independent third party for cash consideration of US$2 (equivalent to HK$16) and resulted in a loss on disposal of financial assets at FVTOCI amounting to approximately HK$71,000 recognised in other comprehensive income. A cumulative loss of approximately HK$2,380,000 was transferred from FVTOCI reserve to accumulated losses upon the disposal.

10. ACCOUNTS AND OTHER RECEIVABLES

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
Accounts receivables			
Margin account clients	*(a)*	**50,327**	58,053
Cash account clients	*(b)*	**1,933**	2,134
Others		**297**	297
		52,557	60,484
Less: Impairment losses		**(27,496)**	(6,961)
		25,061	53,523
Other receivables and prepayments		**21,746**	30,040
Less: Impairment losses		**(7,318)**	(1,459)
		14,428	28,581
		39,489	82,104

Notes:

(a) Margin clients of the brokerage division are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the value of securities accepted by the Group. The amounts due from margin clients are repayable on demand and bear interest at commercial rates. As at 31 December 2019, the total market value of securities pledged as collateral in respect of the loans to margin clients was approximately HK$28,891,000 (2018: approximately HK$222,280,000). The management monitors the market value of collateral during the reviews of the adequacy of the impairment allowance. The fair value of collateral can be objectively ascertained to cover the outstanding amount of the loan balances based on quoted prices of collateral.

(b) There are no credit terms granted to cash clients of the brokerage division. They are required to settle their securities trading balances on the settlement date determined under the relevant market practices or exchange rules.

The ageing analysis of accounts receivables based on trade date is as follows:

	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
0 to 60 days	**797**	2,305
61 to 90 days	**2,606**	7,049
Over 90 days	**49,154**	51,130
	52,557	60,484

The movements in the allowance for impairment losses for the Group were as follows:

	Margin account clients *HK$'000*	Cash account clients *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 January 2018	1,185	10	297	1,492
Effect arising from initial application of HKFRS 9	1,748	73	–	1,821
Impairment losses recognised	3,653	(5)	–	3,648
At 31 December 2018 and 1 January 2019 (audited)	**6,586**	**78**	**297**	**6,961**
Impairment losses recognised/(reversed)	**20,602**	**(67)**	**–**	**20,535**
At 31 December 2019 (unaudited)	**27,188**	**11**	**297**	**27,496**

11. LOANS RECEIVABLE

	2019 *HK$'000* **(unaudited)**	2018 *HK$'000* (audited)
Secured loans	**103,159**	138,022
Unsecured loans	**238,818**	273,034
	341,977	411,056
Less: impairment allowance	**(186,025)**	(17,152)
	155,952	393,904
Analysed for reporting purposes as:		
Non-current assets	**15,254**	13,500
Current assets	**140,698**	380,404
	155,952	393,904

Loans receivable arise from the Group's money lending business. As at 31 December 2019, the Group has 15 (2018: 15) separate loans receivable clients, of which 3 (2018: 3) were secured and 12 (2018: 12) were unsecured. Loans receivable are bearing interests at the rates mutually agreed with the contracting parties, ranging from 13% to 14% (2018: 13% to 14%) per annum.

As at 31 December 2019, the secured loans and interest receivables arising from loan financing business were respectively secured by the followings:

— a first mortgage given by a mortgagor over two residential properties in Shenzhen, the PRC;

— a first charge over securities accounts in the name of the customer according to the charge agreement dated 3 March 2017 (such securities accounts were maintained with a subsidiary of the Company, which is a brokerage firm); and

— a share charge of all the issued capital of the borrower and a charge of a yacht wholly-owned by the borrower.

Included in the unsecured loans receivable, loans of approximately HK$110,118,000 (at 31 December 2018: approximately HK$144,586,000) are guaranteed by guarantors.

Under the Group's expected credit losses ("**ECL**") assessment, loss allowance on loans receivable of approximately HK$186,025,000 was provided as at 31 December 2019 (2018: approximately HK$17,152,000).

Before accepting any new customer, the Group uses an internal credit assessment process to assess the potential customer's credit quality and determines credit limits. The granting of loans is subject to approval by the management, whilst outstanding balances are reviewed regularly for recoverability.

The loans receivable have been reviewed by the management of the Company to assess impairment which are based on the evaluation of collectability, ageing analysis of accounts and on their judgement, including the current creditworthiness and the past collection statistics. Management of the Company also performs ongoing reviews of all customers for any breach of repayment terms or any incident indicating a risk of non-recoverability.

A maturity profile of the loans receivable as at the end of the reporting period, based on the remaining period to contractual maturity date is as follows:

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
0–90 days after the end of the reporting period	**41,000**	164,523
91–180 days after the end of the reporting period	**–**	64,586
181–365 days after the end of the reporting period	**–**	168,447
1 year after the end of the reporting period	**15,254**	13,500
	56,254	411,056
Past due	**285,723**	–
	341,977	411,056

Details of movements in provision for impairment losses of loans receivables were as follows:

	12-month ECL *HK$'000*	Lifetime ECL (credit impaired) *HK$'000*	Total *HK$'000*
At 1 January 2018	–	–	–
Effect arising from initial application of HKFRS 9	10,741	–	10,741
Impairment losses recognised	6,411	–	6,411
As 31 December 2018 and 1 January 2019 (audited)	17,152	–	17,152
Transfer to credit-impaired	(14,571)	14,571	–
Repayment and derecognition	(2,581)	–	(2,581)
Remeasurement of ECL	3,889	167,565	171,454
At 31 December 2019 (unaudited)	3,889	182,136	186,025

12. TRADE AND OTHER PAYABLES

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Trade payables	**38,505**	23,407
Other payables and accruals	**105,221**	37,343
Securities accounts	**45,614**	22,355
Trade and other payables	**189,340**	83,105

Trade payables analysed as:

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Trade payables arising from securities brokerage business:		
— Cash account clients	**33,435**	12,837
— Margin account clients	**5,070**	10,570
	38,505	23,407

An ageing analysis of the trade payables, presented based on the transaction date, at the end of the reporting period are as follows:

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
0 to 60 days	**3,830**	1,941
61 to 90 days	**21,318**	1,294
Over 90 days	**13,357**	20,172
	38,505	23,407

The settlement term of trade payables arising from securities brokerage business is two days after the trade date while for amounts due to cash and margin account clients are repayable on demand.

Included in trade payables arising from securities brokerage business of approximately HK$38,505,000 (2018: approximately HK$23,407,000) was payable to clients and other institutions in respect of the trust bank balances received and held for clients and other institutions in the course of the conduct of the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed. The deposits placed carry variable commercial interest rates.

13. LOANS PAYABLE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 1 year or on demand *(Note (i), (ii), (iii))*	**678,266**	682,195

At the 31 December 2019 and 2018, the Group had loans payables as follows:

(i) Loan from a financial institution with principal amount of US$49,500,000 (equivalent to approximately HK$386,816,000) together with the accrued interest of approximately US$4,605,000 (equivalent to approximately HK$36,009,000) (2018: approximately US$1,933,000 (equivalent to approximately HK$15,081,000)), which is interest-bearing at 14.75% (2018: 17.13%) per annum, guaranteed, secured by equity interest in subsidiaries of the Company and associates of the Group, charge over listed equities securities held by the Group, together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties, and became overdue since 18 March 2019.

(ii) Loan from an individual who is an independent third party, with principal amount of HK$18,000,000 together with the accrued interest of approximately HK$4,971,000 (2018: approximately HK$2,811,000), which is interest-bearing at 12% per annum, unsecured and became overdue since 13 September 2018.

(iii) Loan from a financial institution with principal amount of US$35,000,000 (equivalent to approximately HK$273,450,000) together with the accrued interest of approximately US$1,022,000 (equivalent to approximately HK$8,033,000) (2018: approximately US$822,000 (equivalent to approximately HK$1,686,000)), which is interest-bearing at 11.8% per annum, guaranteed, secured by equity interest in subsidiaries of the Group and associates of the Group, charge over listed equities securities held by the Group together with equity pledges, receivables pledge and assignment of shareholder loans and receivables provided by independent third parties. According to the loan agreement, US$5,000,000 (equivalent to HK$39,064,000) and US$30,000,000 (equivalent to HK$234,386,000) are repayable in November 2019 and November 2021 respectively. US$5,000,000, equivalent to approximately HK$39,064,000, which has been overdue since November 2019. The non-repayment of loan principal of such amount in accordance with the scheduled repayment terms had caused the relevant remaining non-overdue balance to become immediately repayable pursuant to the respective loan agreement.

    Pursuant to the loan agreement, there is an overriding repayment on demand clause that gives the lender an unconditional right at any time to require immediate payment, the balance is classified as a "Current liabilities". On 17 March 2020, the Company has received a letter from the solicitors of the lender of the loan which demanded the immediate repayment of the loan together with interest accrued. (Details of which is set out in the announcement of the Company dated 24 March 2020).

The Group is in the process of negotiating with lenders for extension of the abovementioned loans. The total loan interest payable of approximately HK$49,013,000 as at 31 December 2019 (2018: approximately HK$19,578,000) was included in other payables and accruals.

14. NOTES PAYABLE

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 1 year *(Note (i))*	**312,596**	312,596
After 1 year but within 5 years *(Note (i), (ii))*	**178,526**	172,959
	491,122	485,555

As at 31 December 2019 and 2018, the Group had notes payable as follows:

(i) On 21 September 2017, the Company entered into a notes subscription agreement with an independent third party (the "Subscriber") pursuant to which the Company agreed to issue, and the Subscriber agreed to subscribe for, 8% per annum notes in the principal amount of up to US$40,000,000 (equivalent to approximately HK$312,596,000), which is guaranteed, secured by the security interest provided by a substantial shareholder of the Company, and repayable in September 2019.

The first interest payment date shall be the date falling six months from the date of the issuance of the notes and the subsequent interest payment dates shall be the dates falling every six months thereafter up to the maturity date.

In September 2017, the 8% per annum notes with principal of US$40,000,000 were fully subscribed by the Subscriber.

The note payable has been overdue since September 2019. The interest rate increased from 8% to 25% per annum due to the non-repayment of the principal amount. The Group is in the process of negotiating with the noteholder for extension of the notes.

(ii) On 16 November 2018, the Promissory Note in the principal amount of HK$196,000,000 was issued by the Company to Mega Ample Capital Limited (the "Vendor"), a company incorporated in the British Virgin Islands with limited liability, as consideration that the Group acquired 49% of the entire issued share capital of Multi-Fame Group Limited from the Vendor. The Promissory Note may be redeemed by the Company at any time by giving the Vendor prior notice.

The details of the acquisition have been disclosed in the Company's circular dated 25 June 2018.

On 14 December 2018, the Promissory Note was transferred to an independent third party with the consent of the Group.

The fair value of the Promissory Note at issue date was approximately HK$172,297,000, based on the valuation performed by an independent professional valuer. The Promissory Note will be matured in 3 years from the issue date (the "Maturity Date") which is 16 November 2021. The coupon interest, with 8% interest rate per annum, will be paid on the Maturity Date. The effective interest rate of the Promissory Note is determined to be approximately 12.15% per annum. The Promissory Note is classified under non-current liabilities and measured at amortised cost.

The movement of carrying amount of the Promissory Note is as follows:

	HK$'000
Carrying amount upon issuance	172,297
Imputed interest expenses	2,638
Accrued interest expenses	(1,976)
Carrying amount at 31 December 2018 and 1 January 2019 (audited)	172,959
Imputed interest expenses	21,247
Accrued interest expenses	(15,680)
Carrying amount at 31 December 2019 (unaudited)	178,526

15. SHARE CAPITAL

	2019		2018	
	Number of shares ***'000***	***HK$'000*** **(unaudited)**	Number of shares *'000*	*HK$'000* (audited)
Issued and fully paid:				
At 1 January	**1,401,917**	**2,824,801**	1,401,917	2,824,801
Share consolidation *(Note)*	**(1,261,725)**	**–**	–	–
At 31 December	**140,192**	**2,824,801**	1,401,917	2,824,801

Note: The share consolidation of every ten ordinary shares in the issued share capital of the Company into one consolidated share was effective on 29 March 2019. Details of the share consolidation are set out in the circular of the Company dated 8 March 2019.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the consolidated financial statements.

BUSINESS REVIEW

During the year under review, the Group recorded a turnover of approximately HK$55,948,000 (2018: negative turnover approximately HK$95,125,000), and a gross profit of approximately HK$53,869,000 (2018: gross loss approximately HK$95,259,000). Such a improvement in turnover and gross profit were primarily attributable to the decrease in net realised loss from securities trading of approximately HK$1,859,000 (2018: approximately HK$149,666,000).

For the year ended 31 December 2019, the Group recorded a loss attributable to equity holders of the Company of approximately HK$537,088,000 (2018: approximately HK$744,708,000). The loss was mainly due to the recognition of unrealised loss on financial assets at fair value through profit or loss of approximately HK$145,599,000 (2018: approximately HK$116,983,000) and loss allowance on loans receivable of approximately HK$168,873,000 (2018: approximately HK$6,411,000).

OPERATIONS REVIEW

Financing Operation

The interest income and operating loss generated by the financing operation were approximately HK$50,112,000 (2018: approximately HK$48,044,000) and approximately HK$122,820,000 (2018: operating profit approximately HK$37,016,000). The operating loss was mainly due to the recognition of loss allowance on loans receivable of approximately HK$168,873,000 (2018: approximately HK$6,411,000) in respect of overdue loan receivable of the Group.

Brokerage and Securities Investment Operation

Taking into account the brokerage commission income, interest income from margin and cash clients and the net realised gains or losses from securities trading of the Group, the turnover of the brokerage and securities investment operation reported a turnover of approximately HK$4,253,000 (2018: negative turnover of approximately HK$143,169,000). The improvement in turnover was primarily attributable to decrease in the net realised loss from securities trading of approximately HK$1,859,000 (2018: approximately HK$149,666,000) during the year.

The overall performance of the operation recorded a loss of approximately HK$175,208,000 for the year ended 31 December 2019 (2018: approximately HK$278,886,000). Save for the net realised loss from securities trading as discussed above, the loss was primarily attributable to the unrealised loss on investment in securities which amounted to approximately HK$145,599,000 for the year ended 31 December 2019 (2018: approximately HK$116,983,000) as a result of the decrease in the market prices of listed securities held by the Group for investment purpose. As at 31 December 2019, the market value of the Group's listed securities portfolio was approximately HK$337,849,000 (2018: approximately HK$467,244,000).

The Board would like to inform shareholders of the Company that all financial assets at fair value through profit or loss held as at 31 December 2019 represented shares listed in Hong Kong and the relevant information of the Group's financial assets at fair value through profit or loss which amounted to approximately HK$337,849,000 as at 31 December 2019 is summarised below:

Name of securities	% of shareholding in the listed securities held by the Group as at 31 December 2019	Unrealised loss on financial assets at fair value through profit or loss for the year ended 31 December 2019	Fair value of the investment in listed securities as at 31 December 2019	Principal businesses (*copied from HKEX website)	Size compared to Company's total assets	Dividend received	Total cost	Gain or (loss) on disposal
		HK$'000	*HK$'000*			*HK$'000*	*HK$'000*	*HK$'000*
China Shangdong Hi-Speed Financial Group Limited (stock code: 412)	2.65%	(49,216)	154,771	Financials — Other Financials — Financing	16.04%	nil	279,754	N/A
China Smarter Energy Group Holdings Limited (stock code: 1004)	1.14%	(40,576)	44,848	Utilities — Utilities — Alternative/ Renewable Energy	4.65%	nil	89,524	(606)
Imperial Pacific International Holdings Limited (stock code: 1076)	0.3%	21,750	44,805	Consumer Discretionary — Travel & Leisure — Casinos & Gaming	4.65%	nil	60,074	N/A
Dongwu Cement International Limited (stock code: 695)	4.99%	3,337	42,693	Properties & Construction — Construction — Construction Materials	4.43%	1,424	39,696	54
Sfund International Holdings Limited (stock code: 1367)	2.87%	(38,667)	23,150	Consumer Discretionary — Textiles & Clothing — Apparel	2.4%	nil	45,666	N/A
Others		(42,227)	27,582					
Total		(145,599)	337,849					

The Hong Kong stock market has been volatile during the year and the Board envisages that the performance of the equities (and thus their values) will be susceptible to external factors. In order to mitigate possible financial risks related to the equities, the Group will further review the Group's investment portfolio and closely monitor the performance of the listed securities from time to time.

Trading Operation

In order to enhance our existing business, the Group's trading operation was resumed in the second half of 2019 on a gradual basis. The revenue and operating loss generated by the trading operation were approximately HK$1,583,000 (2018: Nil) and approximately HK$171,000 (2018: Nil).

In November 2018, the Group completed the acquisition of 49% of the entire issued share capital of Multi-Fame Group Limited ("Multi-Fame" and together with its subsidiaries, "Multi-Fame Group") from vendor at the consideration of HK$196,000,000. Multi-Fame Group is principally engaged in trading of the computers and its peripherals, and is an authorised distributor of computer products for Lenovo and a retailer of baby care products on JD.com. It is also a distributor of computer products of Founder in the PRC. Upon completion, Multi-Fame Group becomes an associated companies of the Group. The Board considered that the acquisition can strengthen our trading business.

The turnover of Multi-Fame Group reached approximately HK$945,049,000 for the year ended 31 December 2019 mainly as a result of the trading of the computers and its peripherals by Multi-Fame Group. As the Group holds 49% of the entire issued share capital of Multi-Fame, the portion of the post-acquisition total comprehensive income of Multi-Fame Group shared by the Group was approximately HK$7,058,000 for the year ended 31 December 2019 (2018: approximately HK$7,672,000).

Property Development

The Group's property development business comprises of 40% of the total issued share capital of China Sky Holdings Limited ("China Sky" and together with its subsidiaries, "China Sky Group"). China Sky Group is principally engaged in the business of development and construction of two property development projects in Chongqing, the PRC.

1. *The Jintang Project (as defined hereinunder)*

   The first property development project comprises a residential and commercial complex known as "Jintang New City Plaza*" 金唐新城市廣場 (the "Jintang Project"), which is situated at Long Tower Street in the west southern part of the Yubei Zone, Chongqing City (重慶市渝北區西南部龍塔街道) in the PRC with a site area of approximately 30,817 square meters. The total gross floor areas for residential use is about 54,000 square meters; for shopping mall is about 36,000 square meters; for office premises is about 41,000 square meters; for car parking areas and other uses is about 57,000 square meters. The term for the grant of the land use right of the land is 52 years for the residential portion and 22 years for the commercial portion.

   The construction of the Jintang Project has been completed.

* *For identification purpose only*

2. *The Tanzishi Project (as defined hereinunder)*

The second property development project comprises five parcels of land with a total site area of approximately 72,559 square meters and (the "Tanzishi Project"). Pursuant to a co-operation agreement entered into between 重慶金唐房地產開發有限公司 ("金唐公司"), a subsidiary of China Sky, and an independent third party (the "Party B"), Party B would provide the five parcels of land for the development of the project (the "Land") and 金唐公司 would provide and arrange financing for the development of the project. It was planned that the Land will be developed into several commercial and residential buildings with a total planned gross floor area of approximately 463,357 square meters.

The turnover of the China Sky Group was approximately HK$25,604,000 for the year ended 31 December 2019 (2018: approximately HK$79,768,000) mainly as a result of the sales of the property units of the Jintang Project. As the Group holds 40% of the entire issued share capital of China Sky, the portion of the post-acquisition total comprehensive expense of China Sky Group shared by the Group was approximately HK$16,085,000 for the year ended 31 December 2019 (2018: total comprehensive expenses shared by the Group was approximately HK$26,482,000).

In view of the legal disputes (mentioned in annual report 2018) that are taking place over the Tanzishi Project and the Group has made full impairment of China Sky Group's investment over the Tanzishi Project. Subject to the completion of acquisition of the entire issued share capital of Well City Enterprises Limited as discussed under the heading "Future Plans For Material Investments Or Capital Assets" below, the Group expects that the income to be generated on property development will mainly be derived from the sale of the remaining properties units of the Jintang Project by China Sky Group in the coming year.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 31 December 2019, the Group had current assets of approximately HK$577,647,000 (2018: approximately HK$976,341,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling approximately HK$358,945,000 (excluding bank balances held under segregated trust accounts) (2018: approximately HK$490,138,000). The decrease in the liquid assets was mainly due to the decrease in the market value of the Group's listed securities portfolio.

As at 31 December 2019, the Group's current ratio, calculated on the basis of current assets of approximately HK$577,647,000 (2018: approximately HK$976,341,000) over current liabilities of approximately HK$1,189,328,000 (2018: approximately HK$1,077,896,000), decreased to 0.49 from 0.91. As at 31 December 2019, the Group had total borrowings of approximately HK$1,169,388,000 (2018: approximately HK$1,167,750,000) with the interest rate between 8% to 25% (2018: 6.8% to 17.13%) per annum and lease liabilities of approximately HK$15,856,000 (2018: Nil).

As at 31 December 2019, the Group had total liabilities of approximately HK$1,377,467,000 (2018: approximately HK$1,254,657,000). The gearing ratio (calculated as total liabilities divided by total assets) was approximately 1.43 as at 31 December 2019 (2018: approximately 0.91).

Due to the need for enhancement of the financial position of the Group, the Group is currently in the process of negotiating with loan lenders and the noteholder for extension of the liabilities. In addition, the Group is actively seeking and considering all possible financing exercises, including but not limited to all possible fund raising exercises and/or obtain new loan facility with an aim to improve the Group's financial position.

Capital Structure

References are made to the announcements, notice and circular of the Company dated 15 January 2019, 6 March 2019, 8 March 2019, 28 March 2019, 11 April 2019, 15 April 2019, 26 April 2019, 3 June 2019 and 2 September 2019. Terms used hereinafter shall have the same meaning as defined in the above announcements, notice and circular.

On 15 January 2019, the Company put forward a proposal to the shareholders of the Company to effect the share consolidation which involved the consolidation of every ten (10) issued shares into one (1) consolidated share. Conditional upon the share consolidation becoming effective, the Company proposed to raise gross proceeds of approximately HK$314.03 million (before expenses) on the basis of four (4) rights shares for every one (1) consolidated share held on the record date by issuing 560,766,708 rights shares at the subscription price of HK$0.56 per rights share. Details of which are set out in the announcement of the Company dated 15 January 2019.

On 28 March 2019, the ordinary resolutions to approve the share consolidation and rights issue, as set out in the notice of extraordinary general meeting of the Company (the "EGM") dated 8 March 2019, were duly passed by way of poll at the EGM. The share consolidation was become effective on 29 March 2019. Details of the share consolidation and rights issue are set out in the circular of the Company dated 8 March 2019 and the announcement of the Company dated 28 March 2019. As certain conditions precedent of the Underwriting Agreement have not been satisfied or waived, the proposed Rights Issue was lapsed on 31 August 2019. Details of the proposed Rights Issue are set out in the announcement of the Company dated 2 September 2019.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi (the "RMB"), US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken and considered necessary by the Group.

Pledge of Assets

As at 31 December 2019, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$316,087,000 (2018: approximately HK$406,517,000) were pledged to securities brokers and two financial institutions to secure certain margin financing and loans granted to the Group. The equity interest of associates with an aggregate carrying amount of approximately HK$366,536,000 (2018: approximately HK$389,888,000) was also pledged to secure loans from two financial institutions.

Capital Commitment

The Group had no capital commitment as at 31 December 2019 (2018: Nil).

Contingent Liabilities

A subsidiary of the Company, which is principally engaged in securities brokerage business, may be subject to a maximum penalty of HK$10,000,000 payable to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matter is currently under investigation by the enforcement agency. As the ultimate outcome of the matter cannot be reasonably predicted, it is reasonable for the Group to assume that the contingent liability of this case will be the maximum penalty of HK$10,000,000.

In addition, the subsidiary of the Company may also be found liable to certain third parties for an aggregate amount of approximately HK$8,000,000. In 2016, the Group obtained legal opinion from law firms in Hong Kong and the PRC which considered that the causes of action of the individuals in the above matter are timebarred and the time limitation had lapsed by 31 December 2016.

In the opinion of the directors of the Company, it is not probable that the individuals will issue claims against the Group and the possible claims of HK$8,000,000 is regarded as contingent liabilities as at 31 December 2019.

As explained above, the Group is subject to possible claims of HK$8,000,000 and a possible maximum penalty of HK$10,000,000 in respect of allegedly irregular transactions conducted by the former employee in prior years.

Save as disclosed above, there were no other material contingent liabilities as at 31 December 2019.

PROSPECT

We expect the global economy in 2020 to be full of challenges. With the outbreak of coronavirus ("COVID-19") in China, the China's economic growth was nearly put to a halt at the beginning of 2020 with a vast majority of its major cities encountering total lockdown in all facets to battle against the COVID-19. The overall economic growth in China for the next 12 months is expected to grow at its slowest pace since the financial crisis. Many companies and countries globally are dealing with lost revenue and disrupted supply chains due to China's factory shutdowns, with tens of millions of people remaining in lockdown in dozens of cities in China. With the spreading of the COVID-19 outbreak to other countries around the globe, especially Korea, Japan, Iran and Italy, various countries have imposed travel restrictions or even travel bans which further dampens the normal operation of all economies around the world. Together with the damage caused by the locusts in Africa and its surrounding countries, as well as the ongoing trade-war between China and USA, we would expect a hazardous impact on the global economic growth in 2020. Organisation for Economic Co-operation and Development also warned the virus presents the biggest danger to the global economy since the financial crisis and the virus risks giving a further blow to a global economy that was already weakened by trade and political tensions.

Taking these views into consideration, the Group will adopt a very prudent approach in its investment strategy in the coming year. Nevertheless, the Group will continue its strategy to concentrate in identifying suitable and/or attractive investment opportunities for possible acquisitions and further expansion of its business.

MATERIAL ACQUISITION AND DISPOSAL

Reference are made to the announcements, notice and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018, 15 August 2018, 7 November 2018, 1 February 2019 and 8 November 2019. Terms used hereinafter shall have the same meaning as defined in the above announcements, notice and circular.

On 7 August 2017, an indirect wholly-owned subsidiary of the Company has entered into the Acquisition Agreement as amended by seven supplemental agreements with the Vendor in relation to the Acquisition of the Sale Shares and the Sale Indebtedness at the total consideration of HK$130,000,000. The Consideration will be settled by the issuance of the promissory note by the Company to the Vendor upon Completion. The scope of business of the Target Group is included but not limited to property development, property leasing and ocean tourism project development in the PRC.

On 4 July 2018, the ordinary resolution to approve the Acquisition, as set out in the notice of extraordinary general meeting of the Company dated 31 May 2018, was duly passed by way of poll at the extraordinary general meeting of the Company.

The Acquisition will be completed upon for fulfillment of certain conditions.

Details of the Acquisition are set out in the circular of the Company dated 31 May 2018.

Save as disclosed above, there was no other material acquisition and disposal as at 31 December 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group is principally engaged in the trading of goods, provision of finance, property development, brokerage and securities investment. The Group will continue to explore suitable and/or attractive investment opportunities for further expansion of its existing businesses, such as money-lending, securities investment and enhancement of margin loans for its securities brokerage business and property development.

Save for the information disclosed below and in other parts of this section, during the year and up to the date of this announcement, the Group has no other plan for material investments or capital assets.

Property development

As stated in the above "Material Acquisitions" section and reference are made to the announcements and circular of the Company dated 7 August 2017, 14 September 2017, 12 October 2017, 17 October 2017, 15 November 2017, 29 November 2017, 15 December 2017, 29 December 2017, 31 January 2018, 28 February 2018, 1 March 2018, 29 March 2018, 30 April 2018, 31 May 2018, 4 June 2018, 4 July 2018, 15 August 2018, 7 November 2018,1 February 2019 and 8 November 2019. The Group entered into an acquisition agreement as amended by six supplemental agreements to acquire the entire issued share capital of and sale indebtedness of Well City Enterprises Limited ("Well City" and together with its subsidiary, "Well City Group"). As Well City Group is engaged in property development in Hainan where tourism industry has been growing in the recent years, it is believed that tourism-related property development in Hainan is in demand and the price of such property will rise. The Group intends to hold, upon completion of the acquisition, the property project as an investment which can be realised for capital gain, the property project is also anticipated to bring an income stream for the Company deriving from the operation of the property project as a hotel by the hotel operator. By investing in the Well City Group, it is expected that the Group can tap into the property development market in Hainan, the PRC and expand its property development business.

Trading

During the year, the Group has resumed its trading operations on a gradual basis. In order to further enhance our trading operation, the Group will continue to identify suitable and/or attractive opportunities for continual expansion of its trading business.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

There was no significant event took place subsequent to the end of the reporting period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company strives to attain high standards of corporate governance. The Board believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximising shareholders' interests.

During the year, the Board and the Company has complied with the code provisions of Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the first part of code provision E.1.2 of the CG Code, the chairman of the Board, Mr. Li Dong did not attend the annual general meeting held on 12 July 2019 (the "Meeting") as he had another business engagement. The executive director of the Company, who took the chair of the Meeting and other members of the Board together with the chairmen of the Audit and Nomination Committees and other members of each of the Audit, Nomination and Remuneration Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Nomination and Remuneration Committees who attended the Meeting were already of sufficient caliber and number for answering questions at the Meeting.

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 to the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code for the year ended 31 December 2019.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

FINAL DIVIDEND

The Company had no distributable reserve at 31 December 2019 and the directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

REVIEW OF UNAUDITED FINAL RESULTS

Pan-China (H.K.) CPA Limited, the auditors of the Company (the "Auditors"), has substantially completed its audit of the consolidated financial statements of the Company for the year ended 31 December 2019. However, in view of outbreak of the COVID-19 and the travel and other restrictions that have arisen in connection thereof, the Auditors are not able to perform the necessary auditing procedures in relation to the Group's investment in associated companies as the books and records of these associated companies are all kept in various cities of the PRC. Accordingly, the unaudited consolidated financial statements for the year ended 31 December 2019 presented in this announcement (the "Presented Financial Statements") are prepared based only on the management accounts of these associated companies, which have not yet been audited by the Auditors and may be subject to adjustments by the Auditors upon completion of the necessary audit procedures. Nevertheless, the Company would like to note that the Presented Financial Statements, save for the investment in associated companies, have been reviewed by the audit committee of the Company.

The Company undertakes to keep the Stock Exchange, shareholders of the Company (the "Shareholders") and the investing public informed of any significant matters noted from the process of completion of the audit and a further preliminary results announcement will be made upon completion of the full audit process in accordance with the reporting requirements of the Listing Rules. Further announcement(s) will be made as and when necessary.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited final results for the year ended 31 December 2019 as agreed by Auditors and the material differences (if any) as compared with the unaudited final results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The unaudited final results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.gtghl.com). The annual report of the Company for the year ended 31 December 2019 will be despatched to Shareholders and will be published on the same websites in due course.

The financial information contained herein in respect of the final results of the Group has not been audited and has not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
GT GROUP HOLDINGS LIMITED
Li Dong
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.