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華融投資股份有限公司

HUARONG INVESTMENT STOCK CORPORATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2277)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the “**Board**”) of directors (the “**Directors**”) of Huarong Investment Stock Corporation Limited (the “**Company**”) is pleased to present to its shareholders the consolidated results of the Company and its subsidiaries (the “**Group**”), which is extracted from the audited consolidated financial statements for the year ended 31 December 2019 (the “**Year**”), together with the comparative figures for the year ended 31 December 2018 (the “**Corresponding Period**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Continuing operations			
Revenue			
Dividend income	5	56,297	103,765
Service income	5	51,957	171,950
Interest income from loan and debt instruments	5	208,168	338,019
Interest income from finance lease receivables	5	96,078	130,861
Interest income from financial assets at FVTPL	5	98,690	166,051
		<u>511,190</u>	<u>910,646</u>
Net losses on fair value changes of financial investments and derivatives	6	(216,431)	(167,268)
Net other losses	7	(45,460)	(54,411)
Net (recognition) reversal of impairment losses	8	(937,067)	30,250
Other income	9	10,375	43,227
Staff costs		(49,024)	(81,378)
Other operating expenses		(177,591)	(197,764)
Finance costs	10	(305,845)	(404,567)
		<u>(1,209,853)</u>	<u>78,735</u>
(Loss) profit before tax	11	(1,209,853)	78,735
Income tax credit	12	5,834	13,871
		<u>(1,204,019)</u>	<u>92,606</u>
(Loss) profit for the year from continuing operations		(1,204,019)	92,606

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000 (Restated)
Discontinued operation			
Profit (loss) for the year from a discontinued operation		<u>277,037</u>	<u>(20,113)</u>
(Loss) profit for the year		(926,982)	72,493
(Loss) profit for the year attributable to ordinary shareholders of the Company			
– from continuing operations		(1,267,237)	29,363
– from discontinued operation		<u>277,037</u>	<u>(20,113)</u>
(Loss) profit for the year attributable to ordinary shareholders of the Company		(990,200)	9,250
(Loss) profit for the year attributable to holder of perpetual capital instrument			
– from continuing operations		63,218	63,243
– from discontinued operation		<u>–</u>	<u>–</u>
		63,218	63,243
		(926,982)	72,493
Other comprehensive (expense) income for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(3,423)</u>	<u>(24,334)</u>
Other comprehensive (expense) income for the year, net of tax		<u>(3,423)</u>	<u>(24,334)</u>
Total comprehensive (expense) income for the year		<u>(930,405)</u>	<u>48,159</u>
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Ordinary shareholder of the Company		(993,623)	(15,084)
Holder of the perpetual capital instrument		<u>63,218</u>	<u>63,243</u>
		<u>(930,405)</u>	<u>48,159</u>
(Loss) earnings per share			
From continuing and discontinued operations			
– Basic (HK cents)	14	<u>(54.53)</u>	<u>0.51</u>
From continuing operations			
– Basic (HK cents)	14	<u>(69.78)</u>	<u>1.62</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK\$'000	2018 HK\$'000
NON-CURRENT ASSETS			
Plant and equipment		33,131	78,239
Intangible asset		1,840	1,840
Right-of-use assets		131,685	–
Financial investments	15	885,225	1,746,740
Finance lease receivables	16	534,180	988,144
Loan and debt instruments	17	–	1,268,288
Rental deposits		21,500	27,356
		<hr/>	<hr/>
Total non-current assets		1,607,561	4,110,607
CURRENT ASSETS			
Contract assets		–	130,924
Trade and other receivables	18	43,490	279,909
Financial investments and derivatives	15	1,839,809	2,975,962
Finance lease receivables	16	552,020	463,767
Loan and debt instruments	17	1,285,548	1,568,867
Amounts due from fellow subsidiaries		1,580	3,268
Amounts due from an intermediate holding company		258	–
Tax recoverable		2,725	6,228
Deposits in other financial institutions		89,957	139,749
Bank balances and cash		927,246	738,955
		<hr/>	<hr/>
Total current assets		4,742,633	6,307,629
CURRENT LIABILITIES			
Trade and other payables	19	39,065	331,651
Obligations under finance leases		–	3,782
Interest-bearing borrowings	20	676,218	2,221,381
Financial assets sold under repurchase agreements	21	97,101	511,853
Amounts due to fellow subsidiaries		13,671	44,840
Amount due to an intermediate holding company		–	19
Amount due to the immediate holding company		40,687	153,050
Amounts due to related parties		–	14,326
Lease liabilities		65,083	–
Contract liabilities		–	40,000
Tax payables		39,820	47,538
Derivative financial liabilities	15	1,414	417
		<hr/>	<hr/>
Total current liabilities		973,059	3,368,857

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
NET CURRENT ASSETS		<u>3,769,574</u>	<u>2,938,772</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,377,135</u>	<u>7,049,379</u>
NON-CURRENT LIABILITIES			
Obligations under finance leases		–	3,946
Interest-bearing borrowings	<i>20</i>	3,903,905	4,784,454
Lease liabilities		172,824	–
Deposit from finance lease customers	<i>19</i>	18,035	35,468
Deferred tax liabilities		–	9,732
Total non-current liabilities		<u>4,094,764</u>	<u>4,833,600</u>
NET ASSETS		<u><u>1,282,371</u></u>	<u><u>2,215,779</u></u>
CAPITAL AND RESERVES			
Share capital		18,160	18,160
Perpetual capital instrument		1,392,794	1,329,576
Reserves		<u>(128,583)</u>	<u>868,043</u>
TOTAL EQUITY		<u><u>1,282,371</u></u>	<u><u>2,215,779</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. CORPORATE INFORMATION

Huarong Investment Stock Corporation Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 29 December 2014. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of operations of the Company is situated at 16/F and 17/F, Two Pacific Place, 88 Queensway, Hong Kong.

The Company acts as an investment holding company and the principal activities of the Company and its subsidiaries (the “**Group**”) are (i) direct investments; (ii) financial services and others; and (iii) foundation and substructure construction services (which was discontinued in December 2019).

The consolidated financial statements of the Group are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The presentation of comparative information in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 has been restated in order to disclose the discontinued operation separately from continuing operations.

3. 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 and the interpretation in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 HKFRS 16 Leases

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

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standards 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. Any difference at the date of initial application is recognised in the opening retained earnings 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 a lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application; and
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

In accordance with the transitional provisions in HKFRS 16, the Group:

- recognises a lease liability at the date of initial application for leases previously classified as an operating lease applying HKAS 17. The Group measured that lease liability at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application; and
- recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying HKAS 17. The Group chooses, on a lease-by-lease basis, to measure that right-of-use asset at either:
 - (i) its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application by applying HKFRS 16.C8(b)(i); or
 - (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii).

The Group has applied the above transitional approach (i) and (ii) to measure the right-of-use assets on the leases entered by the foundation and substructure construction services operation (which was discontinued during the year) and the remaining continuing operations respectively.

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

The Group recognised lease liabilities of HK\$316,334,000 and right-of-use assets of HK\$299,719,000 at 1 January 2019.

As a lessor

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

Sales and leaseback transactions

The Group acts as a buyer-lessor in accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group as a buyer-lessor does not recognise the transferred asset if such transfer does not satisfy the requirements of HKFRS 15 as a sale. There are no new sales and leaseback transactions entered into after the date of initial application of HKFRS 16.

The following table summarises the impact of transition to HKFRS 16 on retained earnings at 1 January 2019.

	Impact of adopting HKFRS 16 at 1 January 2019 HK\$'000
Retained earnings	354,113
Impact at 1 January 2019	(3,003)
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	351,110
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4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers are the group of persons that allocate resources to and assesses the performance of the operating segments of an entity.

For the management reporting purpose, the Group was previously organised into three business lines: (a) direct investments, (b) financial services and others, and (c) foundation and substructure construction operations until the foundation and substructure construction operation was disposed in December 2019.

The foundation and substructure construction segment was discontinued in the current year upon the disposal of a subsidiary of the Company, Auto Brave Limited, which carried out all of the Group's foundation and substructure construction operation. Since the disposal was completed on 9 December 2019, the foundation and substructure construction segment is presented as a discontinued operation. The comparative figures in operating segment information have been restated to exclude the foundation and substructure construction operation from segment results.

These business lines are the basis on which the Group reports information to its chief operating decision makers, who are the executive directors of the company (“**executive directors**”) and the senior management of the Company, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments are as follows:

Continuing operations

- (1) Direct investments – direct investment in equities, bonds, funds, derivative instruments, loans and other financial products.
- (2) Financial services and others – finance lease services, business consulting services, financing services and other related services.

Segment revenues and results

The following tables present the revenue and results for the year ended 31 December 2019 and 2018 and certain assets, liabilities and other information for the Group's operating segments as at 31 December 2019 and 2018 and for the year then ended.

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

Segment revenue represent income from dividend, interest and service income.

For the year ended 31 December 2019

	Direct investments <i>HK\$'000</i>	Continuing operations Financial services and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>363,155</u>	<u>148,035</u>	<u>511,190</u>
Segment result	<u>(894,406)</u>	<u>(169,073)</u>	<u>(1,063,479)</u>
Unallocated income and expenses			
Net other losses			(51,166)
Other income			7,514
Other operating expenses			(77,115)
Finance costs			<u>(25,607)</u>
Loss before tax			<u>(1,209,853)</u>

For the year ended 31 December 2018 (Restated)

	Direct investments <i>HK\$'000</i>	Continuing operations Financial services and others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>607,835</u>	<u>302,811</u>	<u>910,646</u>
Segment result	<u>89,389</u>	<u>143,776</u>	<u>233,165</u>

Unallocated income and expenses

Net other losses	(54,411)
Other income	33,321
Other operating expenses	(91,340)
Finance costs	<u>(42,000)</u>
Profit before tax	<u>78,735</u>

The accounting policies of the reportable and operating segments are same as the Group's accounting policies described in note to the consolidated financial statements. Segment result represents the profit or loss earned by each segment without allocation of certain net other losses, other income, other operating expenses, certain finance costs and income tax expense.

Segment assets and liabilities

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Segment assets		
Continuing operations		
Direct investments	4,069,756	6,511,348
Financial services and others	1,134,607	1,700,611
Foundation and substructure construction services (discontinued)	<u>–</u>	<u>259,708</u>
Total segment assets	5,204,363	8,471,667
Unallocated corporate assets	<u>1,145,831</u>	<u>1,946,569</u>
Total consolidated assets	<u>6,350,194</u>	<u>10,418,236</u>
Segment liabilities		
Continuing operations		
Direct investments	117,814	1,022,460
Financial services and others	225,468	289,792
Foundation and substructure construction services (discontinued)	<u>–</u>	<u>558,543</u>
Total segment liabilities	343,282	1,870,795
Unallocated corporate liabilities	<u>4,724,541</u>	<u>6,331,662</u>
Total consolidated liabilities	<u>5,067,823</u>	<u>8,202,457</u>

Geographical information

During the years ended 31 December 2019 and 2018, the Group's continuing operations are located in Hong Kong and the PRC and the Group's discontinued operation is located in Hong Kong. Geographical information about the Group's revenue from external customers and non-current assets is presented based on the location of the operations.

	Revenue from external customers		Non-current assets (Note)	
	31 December 2019 HK\$'000	31 December 2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Continuing operations				
The PRC	206,333	319,056	1,953	1,958
Hong Kong (country of domicile)	304,857	591,590	164,703	13,594
	<u>511,190</u>	<u>910,646</u>	<u>166,656</u>	<u>15,552</u>
Discontinued operation				
Hong Kong	643,266	585,456	61,977	64,527
	<u>1,154,456</u>	<u>1,496,102</u>	<u>228,633</u>	<u>80,079</u>

Note: Non-current assets excluded financial instruments and finance lease receivables.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2019

Segment	Continuing operations Financial services and others <i>HK\$'000</i>	Discontinued operation Foundation and substructure construction services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of service			
Income from construction services	–	643,266	643,266
Income from provision of business consulting services, financing services and others	51,957	–	51,957
Total	<u>51,957</u>	<u>643,266</u>	<u>695,223</u>
Geographical markets			
Mainland China	44,157	–	44,157
Hong Kong	7,800	643,266	651,066
Total	<u>51,957</u>	<u>643,266</u>	<u>695,223</u>
Timing of revenue recognition			
A point in time	–	–	–
Over time	51,957	643,266	695,223
Total	<u>51,957</u>	<u>643,266</u>	<u>695,223</u>
Revenue from contracts with customers			695,223
Interest and dividend income from continuing operations:			
Interest income from loan and debt instruments at amortised cost (under effective interest method)			208,168
Interest income from finance lease receivables (<i>Note</i>)			96,078
Interest income from financial assets at FVTPL (under effective interest method)			98,690
Dividend income			56,297
Total			<u>1,154,456</u>

For the year ended 31 December 2018

Segment	Continuing operations Financial services and others <i>HK\$'000</i>	Discontinued operation Foundation and substructure construction services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of service			
Income from construction services	–	585,456	585,456
Income from provision of business consulting services, financing services and others	171,950	–	171,950
Total	<u>171,950</u>	<u>585,456</u>	<u>757,406</u>
Geographical markets			
Mainland China	88,983	–	88,983
Hong Kong	82,967	585,456	668,423
Total	<u>171,950</u>	<u>585,456</u>	<u>757,406</u>
Timing of revenue recognition			
A point in time	109,487	–	109,487
Over time	62,463	585,456	647,919
Total	<u>171,950</u>	<u>585,456</u>	<u>757,406</u>
Revenue from contracts with customers			757,406
Interest and dividend income from continuing operations:			
Interest income from loan and debt instruments at amortised cost (under effective interest method)			338,019
Interest income from finance lease receivables (<i>Note</i>)			130,861
Interest income from financial assets at FVTPL (under effective interest method)			166,051
Dividend income			<u>103,765</u>
Total			<u>1,496,102</u>

Note: Interest income from finance lease receivables represents finance income on the net investment in the lease.

(ii) Performance obligations for contracts with customers

Financial services and others (continuing operation)

The Group provides business consulting services and financing service to customers. The performance obligation is satisfied when the business consulting services and financing service is completed. Certain revenue is recognised at specific point of time when the service is rendered and certain revenue is recognised over time when the service is transferred to the customers.

Foundation and substructure construction services (discontinued operation)

The Group provides foundation and substructure construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced and payment is generally due within 30 days from the date of billing. Revenue is recognised for these construction services based on the construction work completed by the Group and the payment certificates issued by the customers.

(iii) Transaction price allocated to remaining performance obligation for contracts with customers

Continuing operations

All business consulting services and financing services provided to the customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Discontinued operation

The Group discontinued its foundation and substructure construction operations on 9 December 2019. The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers under foundation and substructure construction operations as at 31 December 2018 and the expected timing of recognising revenue were as follows:

	Foundation and substructure construction services 31.12.2018 HK\$'000
Within one year	675,780
More than one year but not more than two years	406,906
	<hr/>
	1,082,686
	<hr/> <hr/>

6. NET LOSSES ON FAIR VALUE CHANGE OF FINANCIAL INVESTMENTS AND DERIVATIVES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net losses on fair value change of financial investments and derivatives	<u>(216,431)</u>	<u>(167,268)</u>

7. NET OTHER LOSSES

An analysis of net other losses is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Continuing operations		
Net exchange losses	(24,294)	(54,411)
Net loss on disposal of plant and equipment	(126)	–
Gain on non-substantial modification of loan and debt instruments measured at amortised cost	5,832	–
Recognition of impairment losses on plant and equipment	<u>(26,872)</u>	<u>–</u>
	<u>(45,460)</u>	<u>(54,411)</u>
Discontinued operation		
Net gain on disposal of plant and equipment	<u>5,481</u>	<u>2,306</u>
	<u>(39,979)</u>	<u>(52,105)</u>

8. NET (RECOGNITION) REVERSAL OF IMPAIRMENT LOSSES

Continuing operations

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Net recognition of impairment losses on trade receivables	(47,469)	–
Net recognition of impairment losses on finance lease receivables	(202,966)	(43,287)
Net (recognition) reversal of impairment losses on loan and debt instruments	<u>(686,632)</u>	<u>73,537</u>
	<u>(937,067)</u>	<u>30,250</u>
Discontinued operation		
Net (recognition) reversal of impairment losses on contract assets	(1,576)	12,288
Net recognition of impairment losses on trade and other receivables	<u>(325)</u>	<u>(494)</u>
	<u>(1,901)</u>	<u>11,794</u>
	<u>(938,968)</u>	<u>42,044</u>

9. OTHER INCOME

An analysis of other income is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Continuing operations		
Bank interest income	7,514	33,321
Others	<u>2,861</u>	<u>9,906</u>
	<u>10,375</u>	<u>43,227</u>
Discontinued operation		
Bank interest income	26	23
Others	<u>16,019</u>	<u>2,785</u>
	<u>16,045</u>	<u>2,808</u>
	<u>26,420</u>	<u>46,035</u>

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Continuing operations		
Financial assets sold under repurchase agreements at amortised cost (under effective interest method)	11,465	5,587
Interest-bearing borrowings at amortised cost (under effective interest method)	281,729	398,980
Interest on lease liabilities	<u>12,651</u>	<u>–</u>
	<u>305,845</u>	<u>404,567</u>
Discontinued operation		
Interest-bearing borrowings at amortised cost (under effective interest method)	2,396	5,097
Interest on lease liabilities/obligations under finance leases	<u>293</u>	<u>336</u>
	<u>2,689</u>	<u>5,433</u>
	<u>308,534</u>	<u>410,000</u>

11. (LOSS) PROFIT BEFORE TAX

The Group's (loss) profit before tax has been arrived at after charging:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
Continuing operations		
Staff costs (including directors' emoluments)		
– Salaries, allowances and benefits in kind	42,729	76,096
– Retirement benefits scheme contributions	<u>6,295</u>	<u>5,282</u>
Total staff costs	<u><u>49,024</u></u>	<u><u>81,378</u></u>
Depreciation in respect of plant and equipment		
– Owned assets	<u>8,060</u>	<u>8,457</u>
Depreciation of right-of-use assets	<u>64,733</u>	<u>–</u>
Auditor's remuneration		
– Audit services	1,400	2,800
– Non-audit services	<u>450</u>	<u>930</u>
	<u><u>1,850</u></u>	<u><u>3,730</u></u>

12. INCOME TAX (CREDIT) EXPENSE

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 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”), the tax rate of the PRC subsidiaries is 25% during the year.

	2019 HK\$’000	2018 <i>HK\$’000</i> (Restated)
Continuing operations		
Current tax		
Hong Kong	356	7,944
PRC Enterprise Income Tax	<u>15,878</u>	<u>27,692</u>
	<u>16,234</u>	<u>35,636</u>
Overprovision in prior year		
Hong Kong	(4,115)	(30,803)
PRC Enterprise Income Tax	<u>(9,558)</u>	<u>(11,939)</u>
	<u>(13,673)</u>	<u>(42,742)</u>
Total current tax	<u>2,561</u>	<u>(7,106)</u>
Current tax	2,561	(7,106)
Deferred tax	<u>(8,395)</u>	<u>(6,765)</u>
Total	<u>(5,834)</u>	<u>(13,871)</u>

13. DIVIDENDS

No dividends were paid or declared by the Company during the year nor subsequently (2018: nil).

14. (LOSS) EARNINGS PER SHARE

For continuing operations

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (Restated)
(Loss) earnings		
(Loss) profit for the year attributable to the ordinary shareholders of the Company	(990,200)	9,250
Adjust for: Profit for the period (2018: loss for the year) from discontinued operation	<u>(277,037)</u>	<u>20,113</u>
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	<u>(1,267,237)</u>	<u>29,363</u>
	2019 <i>'000</i>	2018 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,816,000</u>	<u>1,816,000</u>

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to the ordinary shareholders of the Company is based on the followings:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the purpose of basic earnings per share	<u>(990,220)</u>	<u>9,250</u>

The denominator used is the same as that detail above for basic earnings per share.

From discontinued operation

Basic earnings per share for the discontinued operation is HK15.26 cents per share (2018: loss per share of HK1.11 cents per share), based on the profit for the period from the discontinued operation of HK\$277,037,000 (2018: loss of HK\$20,113,000) and the denominators detailed above for basic loss per share.

No diluted earnings per share for both 2019 and 2018 were presented as there were no potential ordinary shares in issue for both 2019 and 2018.

15. FINANCIAL INVESTMENTS AND DERIVATIVES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Financial asset at FVTOCI		
Non-current		
– Unlisted equity security	–	650
Financial assets at FVTPL		
Non-current		
– Unlisted asset management plan	–	61,816
– Unlisted fund and debt investments	824,024	1,684,274
– Unlisted exchangeable note	61,201	–
	<u>885,225</u>	<u>1,746,090</u>
Current		
– Equity securities listed in Hong Kong and Australia	122,190	273,376
– Listed debt instruments	1,053,032	1,662,879
– Unlisted warrant	–	713
– Unlisted put options on equity securities	51,435	141,787
– Unlisted fund investments	37,956	244,482
– Unlisted bonds and convertible bonds	509,170	589,040
– Unlisted foreign exchange forward contracts	38,939	29,445
– Unlisted equity forward contracts	26,110	–
– Unlisted foreign exchange option contract	977	–
– Unlisted equity security	–	34,240
	<u>1,839,809</u>	<u>2,975,962</u>
Financial liabilities at FVTPL		
Current		
– Unlisted foreign exchange swap and forward contracts	(1,414)	(417)
<i>Analysed for reporting purposes as:</i>		
Current assets	1,839,809	2,975,962
Non-current assets	885,225	1,746,740
	<u>2,725,034</u>	<u>4,722,702</u>
Current liabilities	<u>(1,414)</u>	<u>(417)</u>

16. FINANCE LEASE RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Analysed for reporting purposes as:		
Current assets	552,020	463,767
Non-current assets	534,180	988,144
	<u>1,086,200</u>	<u>1,451,911</u>
	2019	
	Minimum lease payments <i>HK\$'000</i>	Present value of minimum lease payments <i>HK\$'000</i>
Finance lease receivables comprise:		
Within one year	796,452	726,628
In the second year	447,955	408,075
In the third year	284,381	273,446
In the fourth year	12,943	12,571
	<u>1,541,731</u>	<u>1,420,720</u>
Less: Unearned finance income	(121,011)	–
	<u>1,420,720</u>	<u>1,420,720</u>
Less: Allowance for impairment losses	(334,520)	(334,520)
	<u>1,086,200</u>	<u>1,086,200</u>
		2018
	Minimum lease payments <i>HK\$'000</i>	Present value of minimum lease payments <i>HK\$'000</i>
Finance lease receivables comprise:		
Within one year	609,969	507,893
After one year but within two years	503,978	432,865
After two years but within five years	699,222	649,297
	<u>1,813,169</u>	<u>1,590,055</u>
Less: Unearned finance income	(223,114)	N/A
	<u>1,590,055</u>	<u>1,590,055</u>
Less: Allowance for impairment losses	(138,144)	(138,144)
	<u>1,451,911</u>	<u>1,451,911</u>

17. LOAN AND DEBT INSTRUMENTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loan receivables	812,789	1,285,585
Less: Provision for impairment losses	<u>(352,249)</u>	<u>(17,361)</u>
	<u>460,540</u>	<u>1,268,224</u>
Unlisted debt instruments	1,199,806	1,598,340
Less: Provision for impairment losses	<u>(374,798)</u>	<u>(29,409)</u>
	<u>825,008</u>	<u>1,568,931</u>
Total	<u>1,285,548</u>	<u>2,837,155</u>
Analysed for reporting purpose as:		
Current assets	1,285,548	1,568,867
Non-current assets	<u>–</u>	<u>1,268,288</u>
	<u>1,285,548</u>	<u>2,837,155</u>

18. TRADE AND OTHER RECEIVABLES

The following is an analysis of trade and other receivables at the end of the reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	50,501	95,211
Rental deposits	27,347	28,216
Prepayments and other receivables	<u>34,611</u>	<u>184,578</u>
	112,459	308,005
Less: Provision for impairment losses on trade receivables	<u>(47,469)</u>	<u>(740)</u>
Trade and other receivables	<u>64,990</u>	<u>307,265</u>
Analysed for reporting purpose as:		
Current assets	43,490	279,909
Non-current assets (<i>Note</i>)	<u>21,500</u>	<u>27,356</u>
	<u>64,990</u>	<u>307,265</u>

Note: All non-current portion represents rental deposits.

19. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the end of the reporting period:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Trade payables from foundation and substructure construction services (<i>Note (i)</i>)	–	130,569
Deposit from finance lease customers (<i>Note (ii)</i>)	21,776	37,381
Retention money payables	–	44,667
Other payables, accruals and others	35,324	154,502
	57,100	367,119
Analysed for reporting purposes as:		
Current liabilities	39,065	331,651
Non-current liabilities (<i>Note (ii)</i>)	18,035	35,468
	57,100	367,119

Accrued lease liabilities and refundable deposits received were adjusted upon the initial application of HKFRS 16.

Notes:

- (i) The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Within 1 month	–	29,559
1 to 3 months	–	46,736
3 to 6 months	–	11,934
Over 6 months	–	42,340
	–	130,569

The average credit period granted to the Group is 0 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

- (ii) All non-current portion represents deposits from finance lease customers with lease terms expiring after one year (2018: expiring after one year).

20. INTEREST-BEARING BORROWINGS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank loans	786,486	1,450,960
Other loans	3,793,637	5,554,875
	<u>4,580,123</u>	<u>7,005,835</u>
Secured	191,264	306,610
Unsecured	4,388,859	6,699,225
	<u>4,580,123</u>	<u>7,005,835</u>
The carrying amounts of the borrowings are repayable*:		
With on demand clause	–	845,494
Within one year	676,218	1,375,887
Within a period of more than one year but not exceeding two years	922,430	821,730
Within a period of more than two years but not exceeding five years	2,143,165	3,119,561
Within a period of more than five years	838,310	843,163
	<u>4,580,123</u>	<u>7,005,835</u>
Less: Amounts due within one year shown under current liabilities	<u>(676,218)</u>	<u>(2,221,381)</u>
Amounts due from settlement after 12 months and shown under non-current liabilities	<u>3,903,905</u>	<u>4,784,454</u>

* Other than those borrowings with on demand clause, the amounts due are based on scheduled repayment dates set out in the loan agreements.

The secured borrowings as at 31 December 2019 of RMB171,330,000 (equivalent to approximately HK\$191,264,000) (2018: RMB268,051,000 (equivalent to HK\$306,610,000)) are secured by finance lease receivables.

21. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

The following is an analysis of financial assets sold under repurchase agreements at the end of the reporting period:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Analysed by collateral type:		
– Listed debt instruments	<u>97,101</u>	<u>511,853</u>

Sales and repurchase agreements are transactions in which the Group sells listed debt instruments and simultaneously agrees to repurchase it (or an asset that is substantially the same) at the agreed date and price. The repurchase prices are pre-determined and the Group is still exposed to substantially all the credit risks, market risks and rewards of those listed debt instruments.

At 31 December 2019, the Group entered into repurchase agreements with financial institutions to sell listed debt instruments recognised as financial assets at FVTPL with carrying amount of approximately HK\$130,964,000 (2018: HK\$654,279,000), which are subject to the simultaneous agreements to repurchase these investments at the agreed date and price. These listed debt instruments are not derecognised from the consolidated financial statements but regarded as “collateral” for the liabilities because the Group retains substantially all the risks and rewards of these bonds and preference shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Continue to strengthen the business foundation and maintain stable development

In 2019, facing the fluctuation in the global financial market and the uncertainty of American policies on global economy, the Group strengthens its business foundation according to plans and maintains stable development, by way of enhancing the quality of its investment portfolios and paving the way for future development.

During the Year, the Group's revenue from continuing operations recorded a significant decrease to approximately HK\$511 million, representing a decrease of approximately 44% as compared to approximately HK\$911 million for the Corresponding Period. Direct investment business segment recorded a revenue of approximately HK\$363 million, representing a decrease of approximately 40% as compared to approximately HK\$608 million in the Corresponding Period. The revenue of financial services and other business segments was approximately HK\$148 million during the Year, representing a decrease of approximately 51% as compared to approximately HK\$303 million in the Corresponding Period. In addition, in order to put more emphasis on developing the Company's direct investment and financial services segments, the Group sold the entire foundation and substructure construction services segment in 2019, which contributed approximately HK\$284 million gains on disposal to the Group.

During the Year, the Group recorded loss of approximately HK\$927 million (Corresponding Period: profit of HK\$72 million). Loss for the Year was mainly due to the increase in the impairment losses on the loan and debt instruments and finance lease receivables, and the net losses on fair value changes of financial investments during the Year.

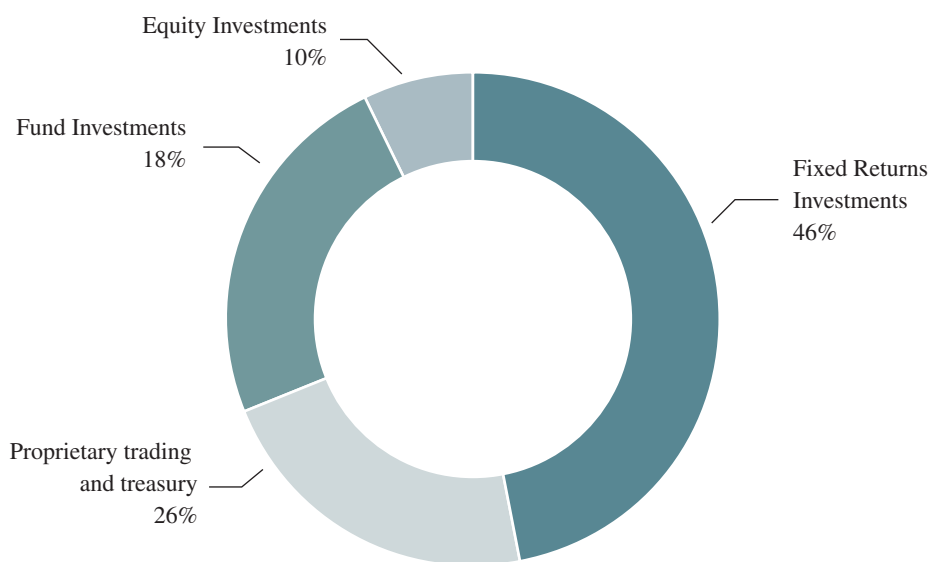
Based on the assessment for the overall conditions of market, customers and collaterals, the Group made provisions for the investment on loan and debt instruments and finance leases receivables, amounting to approximately HK\$890 million. In addition, the losses arising from the changes in financial assets at fair value through profit or loss was approximately HK\$216 million, representing an increase of 29% as compared to approximately HK\$167 million in the Corresponding Period. The management of the Company are of the view that the Group has already made adequate provisions for impaired investments during the Year, and consider that they will not have further material adverse impact on the Group in the future. The Group believes the current impairment provision for investments and the effects of change in fair value of a few of individual investments will cause no material impact on the long-term development of the Group.

Direct Investment

Direct investment business mainly invested in equities, bonds, funds, derivative instruments and other financial products. As at 31 December 2019, the segment assets of direct investment business was approximately HK\$4,070 million (31 December 2018: HK\$6,511 million), representing a decrease of approximately 37% as compared with that of 31 December 2018. During the Year, segment revenues of approximately HK\$363 million (the Corresponding Period: HK\$608 million) and segment loss of approximately HK\$894 million (the Corresponding Period: segment profit of approximately HK\$81 million) were recorded.

The direct investment business of the Group is divided into four major categories, namely fixed returns investments, fund investments, equity investments and proprietary trading and treasury. Fixed returns investments mainly represented investment in private bonds, loans, convertible bonds and fixed income funds, which accounted for approximately 46% of the total investment assets. Such investment provided the Company with stable income and cash flow. The fund investment mainly represented investment in various funds investing in equity, which accounted for approximately 18% of the total investment assets. Equity investments accounted for approximately 10% of the total investment assets, mainly comprising shares of listed companies and equity investment of unlisted companies with strong potential. The proprietary trading and treasury accounted for approximately 26% of the total investment assets, which mainly invested in global bonds and conducted liquidity management and foreign exchange risk management for the Group through bond market, financing arrangement with banks and other financial instruments. The Group believes that the stable income of the Company is guaranteed by fixed returns investment, fund and equity investments which may bring potential and remarkable profit to the Group.

Direct Investment Assets (by Investment Categories)



Financial Services and Others

Financial services and other related services mainly include provision of finance lease services, business consulting services and other related services. The Group has set up a professional financial leasing company with relevant licences in the PRC. It is focusing on providing services to the basic industries which conform to the PRC's industrial policy and economic development trend, by way of introducing financial leasing to those industries, including the logistics, automobile, aviation, solar energy and wind power generation and liquified natural gas, to obtain constant and stable rental income. In addition, based on the Group's domestic and overseas business network and the experience of investing in various industries, the Group also provided consulting services on macro-economy, industry analysis, financial product design and other aspects for customers.

As at 31 December 2019, the segment assets of the business of the financial services and others amounted to approximately HK\$1,135 million (31 December 2018: HK\$1,701 million), representing a decrease of approximately 33% as compared with that of 31 December 2018. During the Year, the segment revenue of approximately HK\$148 million (the Corresponding Period: HK\$303 million) and the segment loss of approximately HK\$169 million (the Corresponding Period: segment profit of approximately HK\$144 million) were recorded.

PROSPECTS

In 2020, it is expected that the overall national economic conditions in China will become steady and the overall economic policy will be positively executed, and this in turn offers time and room for the Company to reduce risks and go ahead with development transformation. The Group will keep on enhancing the quality of project investment and strengthening the core competence and sustainability while increasing control and management of risks.

The Group will continue to squarely analyse circumstances, sharpen its advantages, explore diversified competitive modes, while strengthening its foundation and maintaining stable business development to intensify reform, optimise the structures of businesses, customers, and staff, as well as enhancing its ability to serve the real economy on a going basis. To achieve the development approach of revitalising its principal business and the overall operational strategy of developing “huge non-performing asset”, the Group will also focus on exploring the market segment of non-performing asset as well as motivating relevant innovative financial service businesses to further enrich and optimise the product system of the Company.

While engaging in business development, the Group will continue to promote the construction of quantitative analysis system for market risks to strengthen its ability to implement control and management measures for credit risks. Moreover, the Group will continue to strengthen its corporate governance and risk control mechanism to improve the overall system management and achieve the steady growth and development of the Group.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing borrowings of the Group as at 31 December 2019 were approximately HK\$4,580 million (31 December 2018: HK\$7,006 million). As at 31 December 2019, the secured interest borrowings were approximately HK\$191 million (31 December 2018: HK\$307 million). The secured borrowings as at 31 December 2019 of RMB171 million (equivalent to approximately HK\$191 million) are secured by a finance lease receivable.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2019, the Group’s bank balances and cash (including deposits in other financial institutions) are approximately HK\$1,017 million (31 December 2018: HK\$879 million). The Group manages its capital structure to finance its overall operation and growth by using different sources of funds. During the Year, the Group’s sources of fund include loans from direct and indirect shareholders, loans from banks and internal resources. The gearing ratio of the Group as at 31 December 2019 (defined as total interest-bearing borrowings divided by the Group’s total equity) was approximately 3.6 (31 December 2018: 3.2).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position and implements in-house treasury measures to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

The Group's operations are mainly denominated in United States dollars, Hong Kong dollars and RMB. As the United States dollars are linked to the Hong Kong Dollars, the Group expects that there is no significant change in the exchange rate of United States Dollars against Hong Kong dollars. During the Year, the Group used the financial instruments in the market to hedge its exposure to foreign exchange risk arising from investment through the proprietary trading and treasury function of the Group in respect of the foreign exchange risk of some investments. The Group will keep monitoring our exposure to foreign exchange fluctuations closely and may introduce appropriate hedging measures if necessary.

CAPITAL COMMITMENTS

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

EVENTS AFTER THE YEAR

On 27 March 2020 (after trading hours), Intrend Ventures Limited (the "Issuer"), executed the supplemental deed dated 27 March 2020 (the "Second Supplemental Deed") by way of deed poll in favour of Big Thrive Limited, an indirect wholly-owned subsidiary of the Company, as the subscriber, in relation to, among other things, the proposed amendments to the terms and conditions as set out in the Second Supplemental Deed.

For the details, please refer to the announcements of the Company dated 30 August 2017, 30 August 2019 and 27 March 2020 and the circular of the Company dated 4 October 2019.

Save as disclosed above, there were no significant events after the end of the Year.

EMPLOYEES INFORMATION

As at 31 December 2019, the Group's continuing operations had 33 staff (31 December 2018: 59). The total staff costs incurred by the Group's continuing operations for the Year were approximately HK\$49,024,000 (31 December 2018: HK\$81,378,000).

The salary and benefit levels of the employees of the Group are competitive. The Group is now expanding its direct investments and financial services businesses. Competitive salary could attract professional talents to commit to the Group's financial and investment business. Individual performance of our employees is rewarded through the Group's salary and bonus system. In addition, the Group provides adequate on-the-job training to employees in order to equip them with practical knowledge and skills to tackle various situations and challenges encountered in a diverse range of working sites.

FINAL DIVIDEND

The Board did not recommend payment of final dividend to shareholders of the Company for the Year (31 December 2018: Nil).

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

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the annual general meeting of the Company ("AGM") will be closed from 2 June 2020 to 5 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance at the AGM to be held on 5 June 2020, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 1 June 2020.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Listing Rules throughout the Year, except for the following deviation:

According to the code provision A.2.1 of the Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. The Company did not have any officer with the title of chief executive before 8 July 2019. The Company has reviewed the structure of the Board and has identified candidate with suitable knowledge, skill and experience, the Company has made appointment to fill the post of the chief executive as appropriate. On 8 July 2019, the Company has appointed Mr. Xu Xiaowu as the chief executive officer of the Company.

Save as disclosed above, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the Year, in compliance with the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopts the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as a code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, it is confirmed that all Directors have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the Year.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company, comprising Mr. Chan Kee Huen Michael as chairman of the audit committee as well as Mr. Tse Chi Wai and Dr. Lam Lee G. as members, has reviewed the consolidated financial statements of the Group for the Year. The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Deloitte Touche Tohmatsu, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Hong Kong Exchanges and Clearing Limited (the "HKEx") (www.hkexnews.hk) and the Company (www.hriv.com.hk). The annual report for the Year will be despatched to the shareholders of the Company and will be published on the websites of the HKEx and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to all our staff members, shareholders, customers, business partners and other stakeholders for their strong support and contributions to the Group's success. Moving forward, the Group will continue to implement pragmatic and sound growth measures and strengthen its competitive advantages with a view to generating sustainable returns for our shareholders and establishing a new benchmark for corporate excellence.

By order of the Board
Huarong Investment Stock Corporation Limited
Yu Meng
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Yu Meng, Mr. Xu Xiaowu and Mr. Chen Qinghua; and the independent non-executive Directors are Mr. Chan Kee Huen Michael, Mr. Tse Chi Wai and Dr. Lam Lee G.