

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **SOUTH CHINA FINANCIAL HOLDINGS LIMITED**

**南華金融控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 00619)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **GROUP RESULTS**

The board of directors (the “Board”) of South China Financial Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2019 together with comparative figures for the last financial year as follows:

#### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	<b>2018</b> <i>HK\$'000</i>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>	2&4	<b>204,119</b>	143,913
Other income		<b>4,122</b>	2,613
Fair value gain on investment properties		<b>21,000</b>	49,000
Fair value loss on financial assets at fair value through profit or loss		<b>(13,428)</b>	(146,911)
Impairment of goodwill		<b>(6,454)</b>	–
Impairment of loans and trade receivables, net		<b>(6,983)</b>	(8,165)
Other operating expenses		<b>(256,639)</b>	(249,545)
<b>Loss from operating activities</b>		<b>(54,263)</b>	(209,095)
Finance costs	5	<b>(19,968)</b>	(18,043)
<b>Loss before tax from continuing operations</b>	3	<b>(74,231)</b>	(227,138)
Income tax expense	6	<b>(3,275)</b>	(894)
<b>Loss for the year from continuing operations</b>		<b>(77,506)</b>	(228,032)

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b>	2018 <i>HK\$'000</i>
<b>DISCONTINUED OPERATION</b>			
Net gain/(loss) for the year from a discontinued operation	7	<u>319</u>	<u>(11,734)</u>
<b>Loss for the year</b>		<u><b>(77,187)</b></u>	<u>(239,766)</u>
Attributable to:			
Equity holders of the Company			
— For loss from continuing operations		<b>(77,884)</b>	(228,016)
— For gain/(loss) from a discontinued operation		<u>319</u>	<u>(11,734)</u>
For loss for the year		<b>(77,565)</b>	(239,750)
Non-controlling interests		<u>378</u>	<u>(16)</u>
		<u><b>(77,187)</b></u>	<u>(239,766)</u>
Loss per share attributable to equity holders of the Company			
Basic and diluted	8		
— For loss for the year		<b>(HK25.7 cents)</b>	(HK79.6 cents)
— For loss from continuing operations		<u><b>(HK25.9 cents)</b></u>	<u>(HK75.7 cents)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Loss for the year</b>	<b><u>(77,187)</u></b>	<b><u>(239,766)</u></b>
<b>Other comprehensive loss</b>		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<b>(261)</b>	(3,020)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<b><u>(280)</u></b>	<b><u>(9,240)</u></b>
Other comprehensive loss for the year, net of tax	<b><u>(541)</u></b>	<b><u>(12,260)</u></b>
Total comprehensive loss for the year	<b><u>(77,728)</u></b>	<b><u>(252,026)</u></b>
Attributable to:		
Equity holders of the Company	<b>(79,821)</b>	(252,010)
Non-controlling interests	<b><u>2,093</u></b>	<b><u>(16)</u></b>
	<b><u>(77,728)</u></b>	<b><u>(252,026)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,707	3,591
Investment properties	9	550,000	529,000
Right-of-use assets		9,085	–
Intangible assets		9,210	10,916
Investments in associates		–	–
Equity investments designated at fair value through other comprehensive income	10,13	30,240	30,520
Debt investments at fair value through other comprehensive income	10,13	2,847	3,080
Other assets		9,627	7,514
Goodwill		83,494	89,948
Long term loans receivable		16,552	11,849
Long term prepayment and deposits		773	608
		<b>714,535</b>	687,026
<b>CURRENT ASSETS</b>			
Inventories		12,936	13,432
Financial assets at fair value through profit or loss	13	414,265	431,167
Loans receivable		171,701	285,428
Trade receivables	11	107,127	167,580
Contract assets		250	3,352
Prepayments, other receivables and other assets		56,819	41,348
Derivative financial instruments	13	478	541
Tax recoverable		378	227
Cash held on behalf of clients		512,272	541,617
Cash and bank balances		89,493	108,456
		<b>1,365,719</b>	1,593,148
Assets of a disposal group classified as held for sale	7	–	7,225
		<b>1,365,719</b>	1,600,373

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Client deposits		<b>531,801</b>	485,171
Trade payables	<i>12</i>	<b>77,575</b>	170,473
Other payables and accruals		<b>31,218</b>	33,174
Derivative financial instruments	<i>13</i>	<b>154</b>	197
Interest-bearing bank and other borrowings		<b>410,249</b>	486,978
Tax payable		<b>5,415</b>	2,898
		<b>1,056,412</b>	1,178,891
Liabilities directly associated with the assets classified as held for sale	<i>7</i>	<b>–</b>	6,605
Total current liabilities		<b>1,056,412</b>	1,185,496
<b>NET CURRENT ASSETS</b>		<b>309,307</b>	414,877
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,023,842</b>	1,101,903
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>156,268</b>	152,919
Deposits received		<b>692</b>	3,672
Deferred tax liabilities		<b>31,063</b>	30,952
Total non-current liabilities		<b>188,023</b>	187,543
Net assets		<b>835,819</b>	914,360
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		<b>1,085,474</b>	1,085,474
Reserves		<b>(252,347)</b>	(171,945)
		<b>833,127</b>	913,529
Non-controlling interests		<b>2,692</b>	831
Total equity		<b>835,819</b>	914,360

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for investment properties, equity investments, debt investments, derivative financial instruments and financial assets at fair value through profit or loss which have been measured at fair value. Disposal group held for sale is stated at the lower of its carrying amounts and fair values less cost to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the year ended 31 December 2019 and the financial information relating to the year ended 31 December 2018 included in this announcement of annual results for the year ended 31 December 2019 do not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2018, is derived from those 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 financial statements for the year ended 31 December 2019 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the 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 financial statements of the Group for the year ended 31 December 2018. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9, HKAS 19 and HKAS 28, and *Annual Improvements to HKFRSs 2015–2017 Cycle*, which are not relevant to the preparation of the Group’s financial statements, the nature and the impact of the new HKFRSs are described below:

**(a) HKFRS 16**

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

*New definition of a lease*

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

*As a lessee — Leases previously classified as operating leases*

*Nature of the effect of adoption of HKFRS 16*

The Group has lease contracts for various items of office properties. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

*Impact on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

**Financial impact at 1 January 2019**

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	<b>Increase/ (decrease) HK\$'000</b>
<b>Assets</b>	
Decrease in prepayments, other receivables and other assets	(411)
Increase in right-of-use assets	15,452
	<u>15,041</u>
Increase in total assets	<u>15,041</u>
<b>Liabilities</b>	
Increase in other payables and accruals	377
Increase in interest-bearing bank and other borrowings	15,477
	<u>15,854</u>
Increase in total liabilities	<u>15,854</u>
Increase in accumulated losses	<u>581</u>
Decrease in non-controlling interests	<u>232</u>

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

	<i>HK\$'000</i>
<b>Operating lease commitments as at 31 December 2018</b>	13,000
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(3,970)
Add: Payments for optional extension periods not recognised as at 31 December 2018	9,880
	<u>18,910</u>
Weighted average incremental borrowing rate as at 1 January 2019	6.9%
Discounted operating lease commitments as at 1 January 2019	<u>(3,433)</u>
<b>Lease liabilities as at 1 January 2019</b>	<u>15,477</u>



**(b) HK(IFRIC)-Int 23**

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup services provided. Based on the Group’s latest transfer pricing policies, an additional tax provision of HK\$2,204,000 was recognised during the year ended 31 December 2019.

**2. REVENUE**

An analysis of revenue is as follows:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
<i>Revenue from contracts with customers:</i>		
Commission and brokerage income	<b>32,797</b>	42,396
Rendering of services	<b>25,424</b>	32,295
Handling fee income	<b>2,010</b>	3,334
Media publications and financial public relation services* (“Media Services”)	<b>49,092</b>	54,889
Sales of jewellery products	<b>29,668</b>	9,092
	<b>138,991</b>	142,006
<i>Revenue from other sources:</i>		
Profit/(loss) on the trading of securities, forex, bullion and future contracts, net	<b>18,966</b>	(52,724)
Interest income from loans and trade receivables	<b>20,440</b>	24,896
Interest income from forex and bullion contracts trading	<b>441</b>	695
Interest income from banks and financial institutions	<b>4,389</b>	2,322
Dividend income from listed investments	<b>8,110</b>	14,779
Gross rental income	<b>12,782</b>	11,939
	<b>65,128</b>	1,907
	<b>204,119</b>	143,913

\* Including advertising income, service income and circulation income

## Revenue from contracts with customers

### (i) Disaggregated revenue information

For the year ended 31 December 2019

Type of goods or services	Broking HK\$'000	Corporate advisory and underwriting HK\$'000	Asset and wealth management HK\$'000	Jewellery business HK\$'000	Other business HK\$'000	Media publications and financial public relation services HK\$'000	Total HK\$'000
Commission and brokerage income	30,160	-	2,637	-	-	-	32,797
Underwriting service income	-	15,994	-	-	-	-	15,994
Corporate advisory fee income	-	7,602	-	-	-	-	7,602
Asset management fee	-	-	878	-	-	-	878
Media publications and financial public relation services	-	-	-	-	-	49,092	49,092
Sales of jewellery products	-	-	-	29,668	-	-	29,668
Handling fee income	2,010	-	-	-	-	-	2,010
Other business income	-	-	-	-	950	-	950
Total revenue from contracts with customers	<u>32,170</u>	<u>23,596</u>	<u>3,515</u>	<u>29,668</u>	<u>950</u>	<u>49,092</u>	<u>138,991</u>
<b>Geographical markets</b>							
Hong Kong	32,170	8,096	3,515	-	950	49,092	93,823
Mainland China	-	7,787	-	29,668	-	-	37,455
Other countries	-	7,713	-	-	-	-	7,713
Total revenue from contracts with customers	<u>32,170</u>	<u>23,596</u>	<u>3,515</u>	<u>29,668</u>	<u>950</u>	<u>49,092</u>	<u>138,991</u>

Disaggregated revenue information

**For the year ended 31 December 2018**

Type of goods or services	Broking HK\$'000	Corporate advisory and underwriting HK\$'000	Asset and wealth management HK\$'000	Jewellery business HK\$'000	Other business HK\$'000	Media publications and financial public relation services	Total HK\$'000
						HK\$'000	
Commission and brokerage income	39,674	-	2,722	-	-	-	42,396
Underwriting service income	-	3,557	-	-	-	-	3,557
Corporate advisory fee income	-	27,732	-	-	-	-	27,732
Media publications and financial public relation services	-	-	-	-	-	54,889	54,889
Sales of jewellery products	-	-	-	9,092	-	-	9,092
Handling fee income	3,334	-	-	-	-	-	3,334
Other business income	-	-	-	-	1,006	-	1,006
Total revenue from contracts with customers	<u>43,008</u>	<u>31,289</u>	<u>2,772</u>	<u>9,092</u>	<u>1,006</u>	<u>54,889</u>	<u>142,006</u>
<b>Geographical markets</b>							
Hong Kong	43,008	22,189	2,772	-	1,006	54,889	123,814
Mainland China	-	2,396	-	9,092	-	-	11,488
Other countries	-	6,704	-	-	-	-	6,704
Total revenue from contracts with customers	<u>43,008</u>	<u>31,289</u>	<u>2,772</u>	<u>9,092</u>	<u>1,006</u>	<u>54,889</u>	<u>142,006</u>

**3. LOSS BEFORE TAX**

	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
<b>The Group's loss before tax from continuing operations is arrived at after charging:</b>		
Cost of services provided	<b>25,480</b>	33,357
Depreciation of right-of-use assets	<b>2,862</b>	-
Depreciation of property, plant and equipment	<b>1,481</b>	1,778
Amortisation of intangible assets	<b>1,706</b>	1,379
Cost of inventories sold	<b>20,745</b>	6,959
Cost of media publications and financial public relation services	<b>34,550</b>	37,352
Interest expenses for margin financing and money lending operations	<b>5,271</b>	6,460

#### 4. OPERATING SEGMENT INFORMATION

An analysis of the Group's revenue, contribution to operating profit/(loss), assets and liabilities by business segment for the years ended 31 December 2019 and 2018 is as follows:

##### Year ended 31 December 2019

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Corporate advisory and underwriting HK\$'000	Asset and wealth management HK\$'000	Property investment HK\$'000	Media publications and financial services HK\$'000	Jewellery business HK\$'000	Other business HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>										
Revenue from external customers	33,001	27,076	24,439	23,596	3,515	12,782	49,092	29,668	950	<u>204,119</u>
<b>Segment results:</b>	(29,429)	11,354	1,656	(18,762)	(5,944)	32,453	(38,040)	1,581	440	(44,691)
<i>Reconciliation:</i>										
Corporate and other unallocated expenses, net <sup>†</sup>										(10,087)
Finance costs (other than interest on lease liabilities)										<u>(19,453)</u>
Loss before tax from continuing operations										<u>(74,231)</u>
<b>Segment assets:</b>	708,099	449,074	175,164	9,842	7,428	551,231	128,062	22,236	757	2,051,893
<i>Reconciliation:</i>										
Corporate and other unallocated assets										<u>28,361</u>
Total assets										<u>2,080,254</u>
<b>Segment liabilities:</b>	(634,280)	(98,766)	(88,397)	(2,521)	(334)	(4,049)	(22,563)	(16,283)	(1,420)	(868,613)
<i>Reconciliation:</i>										
Corporate and other unallocated liabilities										<u>(375,822)</u>
Total liabilities										<u>(1,244,435)</u>
<b>Other segment information:</b>										
Fair value loss on financial assets at fair value through profit or loss <sup>#</sup>	-	13,028	-	-	-	-	-	-	-	13,028
Fair value gain on investment properties	-	-	-	-	-	(21,000)	-	-	-	(21,000)
Impairment of loans and trade receivables, net	192	-	3,095	3,696	-	-	-	-	-	6,983
Impairment of goodwill	-	-	-	-	-	-	6,454	-	-	6,454
Depreciation and amortisation	1,201	37	305	432	78	18	2,431	1,547	-	6,049
Capital expenditure*	129	12	51	53	22	6	344	21	-	638

## Year ended 31 December 2018

	Broking HK\$'000	Trading and investment HK\$'000	Margin financing and money lending HK\$'000	Corporate advisory and underwriting HK\$'000	Asset and wealth management HK\$'000	Property investment HK\$'000	Media publications and financial public relation services HK\$'000	Jewellery business HK\$'000	Other business HK\$'000	Consolidated HK\$'000
<b>Segment revenue:</b>										
Revenue from external customers	42,497	(37,225)	28,911	30,014	2,790	11,939	54,889	9,092	1,006	<u>143,913</u>
<b>Segment results:</b>	(24,287)	(188,032)	3,830	471	(15,521)	59,719	(29,085)	65	315	(192,525)
<i>Reconciliation:</i>										
Corporate and other unallocated expenses, net <sup>#</sup>										(16,570)
Finance costs										<u>(18,043)</u>
Loss before tax from continuing operations										<u>(227,138)</u>
<b>Segment assets:</b>	748,603	479,671	329,596	18,502	8,590	529,777	127,595	18,958	1,109	2,262,401
<i>Reconciliation:</i>										
Corporate and other unallocated assets										17,773
Assets related to a discontinuing operation										<u>7,225</u>
Total assets										<u>2,287,399</u>
<b>Segment liabilities:</b>	(645,500)	(140,800)	(193,038)	(6,023)	(1,486)	(4,479)	(21,283)	(25,816)	(2,084)	(1,040,509)
<i>Reconciliation:</i>										
Corporate and other unallocated liabilities										(325,925)
Liabilities related to a discontinuing operation										<u>(6,605)</u>
Total liabilities										<u>(1,373,039)</u>
<b>Other segment information:</b>										
Fair value loss on financial assets at fair value through profit or loss <sup>##</sup>	-	141,012	-	-	-	-	-	-	-	141,012
Fair value gain on investment properties	-	-	-	-	-	(49,000)	-	-	-	(49,000)
Impairment of loans and trade receivables, net	198	-	7,911	-	-	-	56	-	-	8,165
Depreciation and amortisation	580	10	150	255	395	3	1,742	22	-	3,157
Capital expenditure	114	2	26	41	34	1	85,236	226	-	<u>85,680</u>

\* Capital expenditure consists of additions to property, plant and equipment, goodwill and intangible assets including those arising from the acquisitions of subsidiaries.

# Corporate and other unallocated expenses include fair value loss on financial assets at fair value through profit or loss designated for the Group's Employees' Share Award Scheme amounting to HK\$400,000 (2018: HK\$5,899,000).

## Fair value loss on financial assets at fair value through profit or loss includes fair value gain on derivative financial instruments of HK\$22,000 (2018: HK\$105,000).

## Geographical information

### Non-current assets

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	<b>666,113</b>	647,835
Other jurisdictions	<b>15,335</b>	5,591
	<b>681,448</b>	653,426

The non-current assets information above is based on the location of assets and excludes equity investments designated at fair value through other comprehensive income and debt investments at fair value through other comprehensive income.

## 5. FINANCE COSTS

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank loans, overdrafts and other borrowings	<b>19,453</b>	18,043
Interest on lease liabilities	<b>515</b>	–
	<b>19,968</b>	18,043

## 6. INCOME TAX

No provision for the Hong Kong profits tax has been made as the Group either had no estimated assessable profits or had available tax losses carried forward to offset the assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current — Hong Kong		
Underprovision in prior years	<b>2,204</b>	–
Current — Elsewhere		
Charge for the year	<b>950</b>	559
Underprovision in prior years	<b>10</b>	21
Deferred	<b>111</b>	314
Total tax charge for the year	<b>3,275</b>	894

## 7. DISCONTINUED OPERATION

On 1 February 2019, the Company entered into a conditional sale and purchase agreement with South China Industries (BVI) Limited, a wholly-owned subsidiary of South China Holdings Company Limited, pursuant to which the Company agreed to dispose of the entire issued share capital of Year Blossom Limited, a wholly-owned subsidiary of the Company, together with its subsidiaries (the “Disposal Group”). The Disposal Group was principally engaged in food and beverage operations in Nanjing, the PRC. The transaction was completed at 31 December 2019 and recognised the gain on disposal of subsidiaries amounting HK\$8,557,000.

The results of Disposal Group for the years ended 31 December 2018 and 2019 (date of disposal) are presented below:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	<b>7,842</b>	2,478
Cost of inventories consumed	<b>(3,941)</b>	(1,762)
Gross profit	<b>3,901</b>	716
Other operating expenses	<b>(12,139)</b>	(12,450)
Loss from the discontinued operation	<b>(8,238)</b>	(11,734)
Gain on disposal of the discontinued operation	<b>8,557</b>	–
Gain/(loss) for the year from the discontinued operation	<b>319</b>	(11,734)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2018 are as follows:

	<i>HK\$'000</i>
<b>Assets</b>	
Property, plant and equipment	4,716
Inventories	236
Trade receivables	43
Prepayments, other receivables and other assets	2,057
Cash and bank balances	173
Assets classified as held for sale	7,225
<b>Liabilities</b>	
Trade payables	(2,663)
Other payables and accruals	(3,942)
Liabilities directly associated with the assets classified as held for sale	(6,605)
Net assets directly associated with the Disposal Group	620

## 8. LOSS PER SHARE

The calculation of the basic loss per share amounts is based on the loss for the year attributable to equity holders of the Company of HK\$77,565,000 (2018: loss of HK\$239,750,000) and the weighted average number of 301,277,070 (2018: 301,277,070) ordinary shares in issue during the year.

The calculation of the basic loss per share amounts from continuing operations is based on the loss for the year from continuing operations attributable to equity holders of the Company of HK\$77,884,000 (2018: loss of HK\$228,016,000) and the weighted average number of 301,277,070 (2018: 301,277,070) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the impact of the share options outstanding during the year had no dilutive effect on the basic loss per share amount presented.

## 9. INVESTMENT PROPERTIES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Carrying amount as at 1 January	<b>529,000</b>	480,000
Net gain from a fair value adjustment	<b>21,000</b>	49,000
Carrying amount at 31 December	<b><u>550,000</u></b>	<u>529,000</u>

The Group's investment properties consist of commercial office premises in Hong Kong. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of these properties. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Ravia Global Appraisal Advisory Limited, independent professionally qualified valuer, at HK\$550,000,000.

On 31 December 2019, the Group's investment properties with a carrying value of HK\$550,000,000 (2018: HK\$529,000,000) were pledged to secure general banking facilities granted to the Group.



**10. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME/DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Equity investments designated at fair value through other comprehensive income</b>		
Listed equity investments, at fair value	<u><b>30,240</b></u>	<u>30,520</u>
<b>Debt investments at fair value through other comprehensive income</b>		
Club debentures, at fair value	<u><b>2,847</b></u>	<u>3,080</u>

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.

**11. TRADE RECEIVABLES**

The Group allows a credit period up to the respective settlement dates of securities, forex, bullion and commodities transactions (normally two business days after the respective trade dates for Hong Kong stocks) or a credit period mutually agreed between the contracting parties. The credit period for Media Services is generally one month, extending up to four months for major customers. The Group's trading terms with its jewellery retail customers are mainly on cash and credit card settlement. An ageing analysis of the Group's trade receivables at the end of the reporting period, based on settlement due date and net of loss allowance, is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current to 90 days	<b>101,369</b>	159,523
Over 90 days	<u><b>5,758</b></u>	<u>8,057</u>
	<u><b>107,127</b></u>	<u>167,580</u>

## 12. TRADE PAYABLES

The Group's trade payables are with a credit period up to the respective settlement dates of securities, forex, bullion and commodities transactions or a credit period mutually agreed between the contracting parties. The credit period granted by the creditors in relation to Media Services and jewellery business ranges from 0 to 90 days.

An ageing analysis of the Group's trade payables at the end of the reporting period, based on the settlement due date, is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current to 30 days	<b>71,540</b>	162,180
Over 30 days	<b>6,035</b>	8,293
	<u><b>77,575</b></u>	<u>170,473</u>

## 13. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of listed equity investments are based on quoted market prices. The fair value of debt investments at fair value through other comprehensive income which represented club debentures have been estimated based on market transaction prices. The fair value of derivative financial instruments are measured based on quoted market prices.

### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### As at 31 December 2019

	Fair value measurement using			Total <i>HK\$'000</i>
	Quoted prices in active markets (Level 1) <i>HK\$'000</i>	Significant observable inputs (Level 2) <i>HK\$'000</i>	Significant unobservable inputs (Level 3) <i>HK\$'000</i>	
<i>Assets measured at fair value:</i>				
Equity investment designated at fair value through other comprehensive income	30,240	–	–	30,240
Debt investments at fair value through other comprehensive income	–	2,847	–	2,847
Financial assets at fair value through profit or loss				
Held for trading	405,066	–	–	405,066
Designated upon initial recognition	9,199	–	–	9,199
Derivative financial instruments	–	478	–	478
	<u>444,505</u>	<u>3,325</u>	<u>–</u>	<u>447,830</u>
<i>Liabilities measured at fair value:</i>				
Derivative financial instruments	–	154	–	154

As at 31 December 2018

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>Assets measured at fair value:</i>				
Equity investments designated at fair value through other comprehensive income	30,520	–	–	30,520
Debt investments at fair value through other comprehensive income	–	3,080	–	3,080
Financial assets at fair value through profit or loss				
Held for trading	421,568	–	–	421,568
Designated upon initial recognition	9,599	–	–	9,599
Derivative financial instruments	–	541	–	541
	<u>461,687</u>	<u>3,621</u>	<u>–</u>	<u>465,308</u>
<i>Liabilities measured at fair value:</i>				
Derivative financial instruments	–	197	–	197

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL SUMMARY**

The Group has, like all comparable firms within this sector, encountered an extremely challenging operating environment in 2019. That said, the aggregate revenue of the Group increased from HK\$143.9 million for 2018 by 42% to HK\$204.1 million for the year ended 31 December 2019. The loss after tax decreased by 66% to HK\$77.5 million for the year ended 31 December 2019 as opposed to the loss after tax of HK\$228.0 million for the year ended 31 December 2018.

### **DIVIDEND**

No interim dividend was paid (2018: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

### **BUSINESS REVIEW**

#### **Brokerage**

Brokerage commission income dropped in line with market turnover by 22.4% from HK\$42.5 million last year to HK\$33.0 million for the year ended 31 December 2019 and the operating loss of this business segment increased from HK\$24.3 million for the year ended 31 December 2018 to HK\$29.4 million for the year ended 31 December 2019. The financial market of Hong Kong has been negatively impacted by widespread social unrest that has taken place since June 2019 and the uncertainties created by ongoing trade negotiations between the U.S. and China. These factors have led to poor investor sentiment with the majority of investors electing to leave the market temporarily in the second half of the year. This was demonstrated by daily market turnover on the Hong Kong Stock Exchange plummeting by 19% from HK\$107.4 billion to HK\$87.2 billion between Year 2018 and Year 2019. In addition to these factors the majority of our Group's marketing events were cancelled or postponed due to a series of protests and demonstrations. Our strategic initiative to explore the Greater Bay Area ("GBA") was postponed due to a demonstrable reduction in the numbers of inbound visitors to Hong Kong in the second half of the year.

#### **Margin financing and Money Lending**

Interest income recorded for the year ended 31 December 2019 was HK\$24.4 million compared to HK\$28.9 million for the year ended 31 December 2018. The Hong Kong stock market has been depleted of momentum since May 2019 and has experienced a significant decrease in liquidity.

The margin loan balance was reduced by 48% from HK\$264.2 million at 31 December 2018 to HK\$136.8 million at 31 December 2019. The operating profit of this segment was HK\$1.7 million for the year ended 31 December 2019 when compared to operating profit of HK\$3.8 million for last year. In addition to the market downturn, new margin financing regulations, which came into effect on 4 October 2019, put further pressure on the size of our margin loan portfolio.

## **Corporate advisory and underwriting**

During the year ended 31 December 2019 the Group completed three IPO deals earning revenue of HK\$23.6 million, representing a reduction of 21.3% from the revenue of HK\$30.0 million earned by this segment in the year ended 31 December 2018. The operating loss for 2019 was HK\$18.8 million as opposed to the operating profit of HK\$0.5 million for the year ended 31 December 2018. This has been a very challenging year for our investment banking business and reflects a downturn in activity on the Hong Kong Stock Exchange more generally. The total number of newly listed companies on the Hong Kong Stock Exchange in 2019 was 183, a decrease of approximately 16.1% compared to 2018 with 218 newly listed companies. The bribery scandal of the Listing Division of Hong Kong Exchange and Clearing Limited (“HKEx”) in the first half of the year, together with the US-China Trade War and the succession of incidents involving violent social unrest in the second half of the year has seriously dampened market investors’ appetite for Initial Public Offer (“IPO”) deals and companies seeking to list in Hong Kong. As a response to the subdued economic environment we have reduced our headcount in this area by more than 50% in the second half of 2019.

## **Asset and Wealth management**

For the year ended 31 December 2019, this business segment recorded revenue of HK\$3.5 million as opposed to HK\$2.8 million for the year ended 31 December 2018, representing an increase of 25%. The Asset Management team was appointed by a Korean bank to manage their private pre-IPO fund which was established in Hong Kong, and the Wealth Management team extended its product range to bonds during the year. Combined with the continuous costs cutting measures taken for this business segment, the operating loss was significantly reduced from HK\$15.5 million for last year to HK\$5.9 million for the current year.

## **Media and Financial Public Relations**

The revenue and operating loss of the media business segment were HK\$49.1 million and HK\$38.0 million respectively for the year ended 31 December 2019 compared to HK\$54.9 million and HK\$29.1 million respectively for the year ended 31 December 2018. South China Media is one of the key players of financial and lifestyle media brands magazines in Hong Kong and provides a broad spectrum of media related services from print and digital media platforms to event and marketing services. The adversity in the economic and business environments resulted from the global economic uncertainty and the recent social unrest in Hong Kong has further weakened the consumer sentiment and resulted in the decline in advertising spending in the market. Despite this, digital and multimedia income, continued to see double digit growth, and was able to compensate in part, the reduction in print advertising income and event and marketing income.

During the year, the media division continued to focus on investing on the development of its digital offerings and products in order to transform into a multimedia company and provide services to clients through a variety of channels.

## Trading and Investment

The Group's investment portfolio, which was mainly booked under financial assets at fair value through profit or loss, decreased from HK\$431.2 million as at 31 December 2018 to HK\$414.3 million as at 31 December 2019. The major investment holds and their fair value gains or losses are listed below:

Stock code	Name of security	Carrying amount as at 31 December 2019 <i>HK\$'000</i>	Percentage of shareholding interest	Fair value gain/(loss) during the year <i>HK\$'000</i>
670	China Eastern Airlines Corporation Limited	95,822	0.14%	(1,393)
413	South China Holdings Company Limited	83,007	3.41%	(4,570)
3988	Bank of China Limited	73,232	0.01%	(3,921)
1033	Sinopec Oilfield Service Corporation	37,845	0.23%	9,425
1097	i-CABLE Communications Limited	29,688	6.50%	(13,405)
Others		94,671		436
		<u>414,265</u>		<u>(13,428)</u>

The Hang Seng Index (“HSI”) closed at a relatively low level of 25,846 on 31 December 2018. During the first quarter of 2019, the HSI resumed its uptrend and climbed to 30,157 in April but the sudden halt of trade negotiations between China and the U.S. and the occurrence of a series of violent social unrest events drove the HSI down to its lowest level at 24,900 in August. Upon the announcement of the first phase of a trade agreement between China and U.S. in mid December, the HSI ended at 28,190 as at 31 December 2019. The Group took advantage of various opportunities during a market rebound during the year ended 31 December 2019 and recognised a gain of HK\$19.0 million from its trading and investment business segment as opposed to the loss of HK\$52.7 million for the year ended 31 December 2018. In addition, the fair value loss on financial assets for the year ended 31 December 2019 was HK\$13.4 million, which significantly less than the fair value loss of HK\$146.9 million for the year ended 31 December 2018.

## Property Investment

The value of commercial real estate in Hong Kong remained strong in the first half year of 2019 but due to social unrest in the second half of 2019, and the recent novel coronavirus disease 2019 (“COVID-19”), the local real property market has signaled a possible downturn. A revaluation gain of HK\$21 million, representing 4% of the fair value of our investment property as at 31 December 2018, was recorded for the year. The fair value of the investment properties increased from HK\$529 million as at 31 December 2018 to HK\$550 million as at 31 December 2019. Gross rental income for the year also increased by 7.6% to HK\$12.8 million from HK\$11.9 million for the year ended 31 December 2018.

## **USE OF PROCEEDS UPDATE**

### **Use of Proceeds of the 2016 Rights Issue Update**

With reference to the announcement dated 3 July 2019, the unutilised proceeds of approximately HK\$280 million from the 2016 Rights Issue has been used for the development of the Group's existing trading and investment business. As a result, there is no more outstanding unutilised proceeds as at 31 December 2019.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had obtained short term bank credit facilities which were reviewed on a yearly basis and long term mortgage loans. The facilities for the share margin finance operations were secured by the securities of the Group and its margin clients. The outstanding credit facilities were guaranteed by the Company.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt includes interest-bearing bank borrowings, other borrowings, less cash and bank balances while capital represents total equity. As at 31 December 2019, net debt and capital amounted to HK\$477.0 million (2018: HK\$531.4 million) and HK\$835.8 million (2018: HK\$914.4 million) respectively, represented a gearing ratio of approximately 36.3% (2018: 36.8%).

The Group had a cash balance of HK\$89.5 million at the end of the year (2018: HK\$108.5 million). The Group had sufficient working capital to meet its operational needs.

## **POSSIBLE RISKS AND UNCERTAINTIES**

The Group has reviewed the possible risks and uncertainties which may affect its business, financial condition, operations and prospects based on its risk management and internal control systems and considered that the major risks and uncertainties that may affect the Group include (i) fluctuations of fair value gain or loss on financial assets, foreign exchange and investment properties; (ii) changes in market interest rates may expose the Group to high interest expense on its net debt obligations carrying floating interest rates; (iii) credit risk and recoverability of provision of finance which may incur bad debts during the downturn of economy; and (iv) the uncertainties of fiscal, political and monetary policy developments would contribute partly to the high volatility of global markets which may directly affect the performance of the Group. In response to the above mentioned possible risks, the Group has a series of risk mitigation controls and risk management policies to cope with the possible risks and has serious scrutiny over the selection of quality customers. The Group has formed various committees to develop and review strategies, policies and guidelines on risk control; which enable the Group to monitor and respond to risk effectively and promptly.



## PROSPECTS

The trade war between China and the U.S. saw a potential breakthrough in mid-December 2019. The stock market was fueled with optimism by this encouraging news and this was reflected in market performance. However, the spread of the highly contagious COVID-19 in January 2020 has heavily impacted the economic growth of PRC and Hong Kong, and the global spreading of COVID-19 has dampened economic outlook globally. Travel between PRC and Hong Kong has been severely restricted and the annual economic forecasts in GDP terms for both economies have suffered significant write-downs.

Due to slackened monetary policy announced by the PRC government following the Chinese New Year, the stock market momentum has been sustained for the year to date. The stock market turnover in Hong Kong stood at more than HK\$100 billion per day in January and February 2020 which was a significant improvement compared to the market turnover in November and December of 2019 which was less than HK\$80 billion daily. Our brokerage business has launched a series of promotion programs and the new non-face-to-face accounts opening mobile applications for investors in order to grow our client base in both Hong Kong and GBA.

The investment banking business has been significantly impacted from the stagnant business activities between PRC and Hong Kong in the first quarter of 2020. Nonetheless, due to the strong pipeline of IPO applications submitted to HKEx in 2019, we expect to complete 3 IPOs in the first half of 2020. Furthermore, our subsidiary in London has recently collaborated with a local UK boutique investment bank to explore more business opportunities and develop trade and deal flow between PRC and Europe. Our UK operation is now able to offer a broader array of financial services and has seen a noticeable increase in investment interest emanating from Asia.

Our Wealth Management business has recently cooperated with an immigration consultancy firm to launch a European focused immigration plan through investing in investment-grade government bonds. The response from the market has been positive so far. This is a new line of business we will further develop in the coming year and will continue to work with first class partners who can add value to our broad range of services.

The recent emergence of the novel Coronavirus COVID-19 outbreak worldwide is expected to further dampen consumption demand and weaken the consumer sentiment. The media division will continue to act as the strategic media partner to select clients and provide total media solutions by utilizing our skills and technology in events management, print, digital and multimedia offerings. Furthermore, we have rolled out a corporate social responsibility (“CSR”) campaign together with our clients and business partners to contribute to the local community in the midst of the COVID-19 outbreak as well as to assist our clients in the promotion of their brands. The media division will continue to reinforce the elements of the GBA, “Green” and CSR in our core pillars of content and business. By leveraging on the resources of our financial services and media business divisions, our Financial Public Relations team is dedicated to provide tailor-made, comprehensive and integrated public relations as well as marketing services to our corporate clients at different development stages.



### *Costs Cutting Plan*

In response to the challenging macro-economic environment in Hong Kong and the ongoing trade tensions between PRC and the US, the Group has responded by simplifying our internal organization structure and identifying areas for creating efficiencies that further amplify our core strengths and areas of focus. Our overall headcount has been reduced by approximately 14% this year in an effort to align our resources to our work force requirements and maximize our output. The unexpected attack by COVID-19 in the beginning of 2020 has compounded an already challenging environment and we will continue to monitor our costs closely.

The outlook for the Hong Kong economy remains uncertain and subject to both systematic and systemic risk. In the short term much depends on the development and containment of COVID-19 globally, and the consequences that might occur if the virus spreads further. In the medium to long term, the pace of global economic recovery, China-U.S. trade tensions and local social unrest will all contribute to market volatility and uncertainty.

The management remains focused on delivering robust and stable leadership in the course of our business and ensuring that a consistent strategy is delivered to the market and our partners.

### **FINAL DIVIDEND**

The Board has resolved not to recommend the declaration of any final dividend for the year ended 31 December 2019 (2018: Nil).

### **CORPORATE GOVERNANCE CODE**

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2019 except the following as they had other business engagements, which deviated from code provisions E.1.2 and A.6.7 of the CG Code:

1. Mr. Ng Hung Sang (“Mr. Ng”), the chairman of the Board and an Executive Director of the Company, Ms. Cheung Choi Ngor, the vice chairman of the Board and an Executive Director of the Company and Hon. Raymond Arthur William Sears, Q.C., an Independent Non-executive Director of the Company were unable to attend the annual general meeting of the Company held on 18 June 2019; and
2. Mr. Ng and Mr. Tung Woon Cheung Eric, an Independent Non-executive Director of the Company were unable to attend an extraordinary general meeting of the Company held on 23 August 2019.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2019.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with the Listing Rules. The Audit Committee presently comprises three Independent Non-executive Directors, namely Mr. Tung Woon Cheung Eric (Chairman of the Audit Committee), Hon. Raymond Arthur William Sears, Q.C. and Mrs. Tse Wong Siu Yin Elizabeth.

The Group's annual results for the year ended 31 December 2019 have been reviewed by the Audit Committee in conjunction with the Company's external auditor. The Audit Committee was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor 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 the Company's auditor on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.sctrade.com](http://www.sctrade.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2019 annual report of the Company will be dispatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board  
**South China Financial Holdings Limited**  
南華金融控股有限公司  
**Ng Hung Sang**  
*Chairman and Executive Director*

Hong Kong, 17 March 2020

*As at the date of this announcement, the Directors of the Company are (1) Mr. Ng Hung Sang, Ms. Cheung Choi Ngor and Ms. Ng Yuk Mui Jessica as executive directors; and (2) Mrs. Tse Wong Siu Yin Elizabeth, Hon. Raymond Arthur William Sears, Q.C. and Mr. Tung Woon Cheung Eric as independent non-executive directors.*