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*(incorporated in Bermuda with limited liability)*

**(Stock Code: 412)**

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

### **FINANCIAL RESULTS**

The board of directors (the “Board” or “Directors”) of China Shandong Hi-Speed Financial Group 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 the comparative figures for the nine months ended 31 December 2018, as follows:

### **CONSOLIDATED INCOME STATEMENT**

*For the year ended 31 December 2019*

		<b>Year ended 31 December 2019</b>	Nine months ended 31 December 2018
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
REVENUE	5	<b>894,149</b>	427,196
COST OF SERVICES		<b>(316,592)</b>	(127,257)
Gross profit		<b>577,557</b>	299,939
Other income	6	<b>136,041</b>	8,728
Other gains and losses, net	7	<b>(13,158)</b>	(146,586)
Impairment losses on financial assets recognised, net of reversal	8	<b>(600,153)</b>	(211,893)
Fair value losses on financial assets at fair value through profit or loss, net	10	<b>(1,363,056)</b>	(230,758)
Employee benefit expenses	10	<b>(161,912)</b>	(97,400)
Administrative expenses		<b>(147,272)</b>	(178,137)
Finance costs	9	<b>(351,033)</b>	(192,264)
Share of results of associates		<b>(4,217)</b>	47

		<b>Year ended 31 December 2019</b>	Nine months ended 31 December 2018
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
LOSS BEFORE TAX	<i>10</i>	<b>(1,927,203)</b>	(748,324)
Income tax (expense)/credit	<i>11</i>	<b><u>(34,612)</u></b>	<u>57,148</u>
<b>LOSS FOR THE YEAR/PERIOD</b>		<b><u>(1,961,815)</u></b>	<u>(691,176)</u>
Loss for the year/period attributable to:			
Owners of the Company		<b>(2,095,524)</b>	(705,280)
Holders of perpetual capital instruments		<b>123,021</b>	–
Non-controlling interests		<b><u>10,688</u></b>	<u>14,104</u>
		<b><u>(1,961,815)</u></b>	<u>(691,176)</u>
<b>LOSS PER SHARE</b>			
Basic and diluted	<i>13</i>	<b><u>HK(8.57) cents</u></b>	<u>HK(2.88) cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2019*

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Loss for the year/period	(1,961,815)	(691,176)
Other comprehensive income/(loss)		
<i>Item that will not be classified to profit or loss:</i>		
Fair value change in equity instrument classified as financial assets at fair value through other comprehensive income	348,693	129,189
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes in debt instruments classified as financial assets at fair value through other comprehensive income	1,994	(2,544)
Exchange difference arising on translation of foreign operations	<u>(43,460)</u>	<u>(390,583)</u>
Other comprehensive income/(loss) for the year/period	<u>307,227</u>	<u>(263,938)</u>
Total comprehensive loss for the year/period	<u><u>(1,654,588)</u></u>	<u><u>(955,114)</u></u>
Total comprehensive loss for the year/period attributable to:		
Owners of the Company	(1,787,617)	(969,218)
Holder of perpetual capital instruments	123,021	–
Non-controlling interests	<u>10,008</u>	<u>14,104</u>
	<u><u>(1,654,588)</u></u>	<u><u>(955,114)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2019*

	<i>Note</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>9,823</b>	10,011
Right-of-use assets		<b>27,249</b>	–
Intangible assets		<b>1,269,703</b>	1,269,605
Interests in associates		<b>47,460</b>	51,703
Financial assets at fair value through other comprehensive income	<i>14</i>	<b>3,275,811</b>	1,719,189
Financial assets at fair value through profit or loss	<i>15</i>	<b>656,697</b>	1,789,930
Finance lease receivables	<i>16</i>	<b>1,390,935</b>	1,736,275
Loans receivables	<i>17</i>	<b>37,474</b>	488,653
		<hr/>	<hr/>
Total non-current assets		<b>6,715,152</b>	7,065,366
<b>CURRENT ASSETS</b>			
Financial assets at fair value through other comprehensive income	<i>14</i>	<b>880,707</b>	580,248
Financial assets at fair value through profit or loss	<i>15</i>	<b>2,200,732</b>	2,130,402
Finance lease receivables	<i>16</i>	<b>1,436,872</b>	1,083,033
Loans receivables	<i>17</i>	<b>2,650,011</b>	843,713
Trade and other receivables	<i>18</i>	<b>1,036,333</b>	991,083
Restricted cash		<b>64,923</b>	2,222
Cash and cash equivalents		<b>8,214,075</b>	681,398
		<hr/>	<hr/>
Total current assets		<b>16,483,653</b>	6,312,099
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>198,895</b>	203,008
Lease liabilities		<b>2,025</b>	–
Borrowings	<i>19</i>	<b>5,436,520</b>	5,393,192
Convertible bonds		–	311,037
Tax payables		<b>24,906</b>	46,166
		<hr/>	<hr/>
Total current liabilities		<b>5,662,346</b>	5,953,403

	<i>Note</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
NET CURRENT ASSETS		<b>10,821,307</b>	358,696
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>17,536,459</b>	7,424,062
NON-CURRENT LIABILITIES			
Borrowings	<i>19</i>	<b>7,128,121</b>	2,381,727
Lease liabilities		<b>25,651</b>	–
Other payables and accruals		<b>19,480</b>	37,499
Deferred tax liabilities		<b>111,750</b>	126,590
Total non-current liabilities		<b>7,285,002</b>	2,545,816
Net assets		<b>10,251,457</b>	4,878,246
CAPITAL AND RESERVES			
Issued capital		<b>6,113</b>	6,113
Reserves		<b>2,953,592</b>	4,788,913
Equity attributable to owners of the Company		<b>2,959,705</b>	4,795,026
Perpetual capital instruments		<b>7,114,799</b>	–
Non-controlling interests		<b>176,953</b>	83,220
Total equity		<b>10,251,457</b>	4,878,246

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2019*

## 1. CORPORATE INFORMATION

China Shandong Hi-Speed Financial Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and the principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Rooms 1405–1410, 14th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

In the previous financial period, the financial year end date of the Company was changed from 31 March to 31 December because the Company would like to align it with the financial year end date of the operating subsidiaries of the Group, which were incorporated in the People’s Republic of China (the “PRC”) and whose accounts are statutorily required to be prepared with a financial year end date of 31 December so as to facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the consolidated financial statements for the last period cover the nine months ended 31 December 2018. The corresponding comparative amounts shown for the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover the nine months ended 31 December 2018 and therefore may not be comparable with amounts shown for the year ended from 1 January 2019 to 31 December 2019.

The Company acts as an investment holding company and its subsidiaries (collectively referred to as the “Group”) principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding, online investment and technology-enabled lending services, online new media services and assets management.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“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

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements, except the following set out below.

### HKFRS 16 Leases

In the current period, the Group has adopted HKFRS 16 “Leases”. HKFRS 16 is effective for the accounting periods beginning on or after 1 January, 2019. The Group has applied HKFRS 16 using the modified retrospective approach without restating comparative information retrospectively. HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees.

Prior to 1 January 2019, lease contracts were classified as operating leases or finance leases. From 1 January 2019 onwards, HKFRS 16 distinguishes lease contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. For short-term leases and leases of low-value assets, the Group recognises lease expense on a straight-line basis as permitted by HKFRS 16. This expense is presented within operating costs in the consolidated income statement.

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 “Leases” and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- (iii) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of various offices and staff quarters in the PRC and in Hong Kong was determined on a portfolio basis;
- (iv) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options; and
- (v) 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.

Right-of-use assets are initially measured at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Lease liabilities are initially measured at the present value of the remaining lease payments discounted using the incremental borrowing rate of the lessee. Subsequently, lease liabilities are adjusted by interest accretion and lease payments. Lease payments are separated into principal portion and interest portion and presented within financing activities in the consolidated statement of cash flows.



At the date of initial application of HKFRS 16, the reconciliation from the operating lease commitments to the lease liabilities recognised is as follows:

	<i>HK\$'000</i>
Operating lease commitments as at 31 December 2018	9,128
Recognition exemption for – short term leases	<u>(9,128)</u>
Lease liabilities as at 1 January 2019	<u><u>–</u></u>

On 1 January 2019, there is no impact of transition to HKFRS 16 on the assets, liabilities and accumulated loss at the date of initial application.

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

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION

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

The Group incurred a loss for the year of approximately HK\$1,961,815,000 (nine months ended 31 December 2018: HK\$691,176,000) and net cash outflows from operating activities of approximately HK\$2,163,291,000 (nine months ended 31 December 2018: HK\$60,143,000) during year ended 31 December 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have made an assessment and concluded that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to the following:

As at 31 December 2019, Coastal Emerald Limited (“Coastal Emerald”), an indirect wholly-owned subsidiary of the Company, issued the 5.95% Guaranteed Bonds, 3.95% Guaranteed Bonds and 4.3% Guaranteed Bonds. Shandong Hi-Speed Group Co., Ltd. (“Shandong Hi-Speed Group”), a shareholder of the Company which held 42.78% equity interests of the Company as at the date of this announcement, entered into a keepwell deed that Shandong Hi-Speed Group would undertake that it shall cause (i) each of Coastal Emerald and the Company to remain solvent and a going concern at all times under the laws of their respective jurisdictions of incorporation or applicable accounting standards, (ii) each of Coastal Emerald and the Company to have consolidated net assets of at least US\$1.00 (or its equivalent in any other currency) at all times, and (iii) each of Coastal Emerald and the Company to have sufficient liquidity to ensure timely payment by it of any amounts due and payable in respect of the 5.95% Guaranteed Bonds, 3.95% Guaranteed Bonds and 4.3% Guaranteed Bonds. If either Coastal Emerald or the Company at any time determines that it will have insufficient liquidity to meet any of its payment obligations under the 5.95% Guaranteed Bonds, 3.95% Guaranteed Bonds and 4.3% Guaranteed Bonds, it shall promptly notify Shandong Hi-Speed Group of the shortfall and Shandong Hi-Speed Group will make available, or procure the availability to it before the due date of the relevant payment obligations, funds sufficient to enable it to pay such payment obligations in full as they fall due.

Consequently, the consolidated financial statements have been prepared on a going concern basis. The consolidated financial statements do not include any adjustments that would result should the Group be unable to operate as a going concern.

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments which are measured at fair values.

#### 4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the Group's chief operating decision maker ("CODM"). For the year ended 31 December 2019, the Group had four reportable operating segments. Details are as follows:

- (i) Investments in securities segment engages primarily in the purchase and sale of securities and derivatives and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;
- (ii) Money lending segment engages primarily in money lending operations and advisory services;
- (iii) Financial leasing segment engages primarily in the direct financial leasing, advisory services and asset trading platform; and
- (iv) Financial technology segment engages primarily in online investment and technology-enabled lending services and online new media services.

CODM monitors the results of the Group's operating segments separately as described above, for the purpose of making decisions about resource allocation and assessment of the Group's performance. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that unallocated income, unallocated finance costs, unallocated expenses and share of results of associates are excluded from such measurement.

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

- all assets are allocated to reportable segments except corporate assets; and
- all liabilities are allocated to reportable segments except corporate liabilities, deferred tax liabilities, certain borrowings and certain other payables and accruals.

	Investment in securities		Money lending		Financial leasing		Financial technology		Unallocated		Consolidated	
	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	210,501	100,612	76,420	83,064	207,873	129,077	399,355	114,443	-	-	894,149	427,196
Segment results	(1,329,504)	(84,905)	46,319	74,399	(387,792)	(465,244)	171,864	26,256	-	-	(1,499,113)	(449,494)
Unallocated finance costs											(262,968)	(133,737)
Unallocated expenses*											(160,905)	(165,140)
Share of results of associates											(4,217)	47
Loss before tax											(1,927,203)	(748,324)

Segment revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in current year and prior period.

Amounts included in the measurement of segment profit or loss or segment assets are as follows:

	Investment in securities		Money lending		Financial leasing		Financial technology		Unallocated		Consolidated	
	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended	Year ended	Nine months ended
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Finance costs	78,256	30,875	8,277	9,966	1,101	17,671	431	15	262,968	133,737	351,033	192,264
Amortisation	-	-	-	-	42	-	4,730	3,304	278	-	5,050	3,304
Depreciation for												
- property, plant and equipment	-	-	-	-	350	917	1,344	637	2,256	2,023	3,950	3,577
- right-of-use assets	-	-	-	-	2,518	-	753	-	666	-	3,937	-
Fair value losses on financial assets at fair value through profit or loss ("FVTPL"), net	1,363,056	230,758	-	-	-	-	-	-	-	-	1,363,056	230,758
Impairment losses recognised in respect of												
- goodwill	-	-	-	-	-	146,586	-	-	8,771	-	8,771	146,586
- finance lease receivables	-	-	-	-	342,076	144,890	-	-	-	-	342,076	144,890
- loans receivables	-	-	23,208	(3,079)	(90)	(66)	(2,691)	5,077	-	-	20,427	1,932
- trade and other receivables	234,080	59,481	-	271	1,213	1,606	2,357	1,212	-	2,213	237,650	64,783
- advances to associates	-	-	-	-	-	-	-	-	-	288	-	288
Capital expenditure**	-	-	-	-	3,057	259	25,990	1,238	1,675	1,295	30,722	2,792

\* Unallocated expenses mainly included employee benefit expenses of approximately HK\$61,373,000 (nine months ended 31 December 2018: HK\$37,184,000), exchange loss of approximately HK\$15,620,000 (nine months ended 31 December 2018: HK\$69,723,000), legal and professional fee of approximately HK\$11,013,000 (nine months ended 31 December 2018: HK\$16,660,000) and depreciation of approximately HK\$2,256,000 (nine months ended 31 December 2018: HK\$2,023,000).

\*\* Capital expenditure consists of additions to property, plant and equipment and intangible assets and those assets acquired from acquisition of subsidiaries.

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

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Segment assets:</b>		
Investments in securities	<b>15,391,146</b>	7,174,463
Money lending	<b>2,273,313</b>	803,832
Financial leasing	<b>4,622,740</b>	4,427,582
Financial technology	<b>897,655</b>	948,975
	<hr/>	<hr/>
	<b>23,184,854</b>	13,354,852
Unallocated assets	<b>13,951</b>	22,613
	<hr/>	<hr/>
Total assets	<b><u>23,198,805</u></b>	<b><u>13,377,465</u></b>
<b>Segment liabilities:</b>		
Investments in securities	<b>10,147,553</b>	4,518,191
Money lending	<b>166,713</b>	222,256
Financial leasing	<b>2,369,167</b>	2,901,675
Financial technology	<b>226,619</b>	63,866
	<hr/>	<hr/>
	<b>12,910,052</b>	7,705,988
Unallocated liabilities	<b>37,296</b>	793,231
	<hr/>	<hr/>
Total liabilities	<b><u>12,947,348</u></b>	<b><u>8,499,219</u></b>

## Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The geographical information about the Group's revenue based on the locations of the operations and non-current assets based on the locations of the assets is set out below:

	<b>Revenue from external customers</b>	
	<b>Year ended</b>	Nine months ended
	<b>31 December</b>	31 December
	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Hong Kong	<b>323,594</b>	151,866
The PRC	<b>570,555</b>	275,330
	<b>894,149</b>	427,196

No customer of the Group has contributed over 10% of the total revenue of the Group for the current year and prior period.

Over 90% of the Group's non-current assets were located in the PRC, no geographical segment is presented in accordance with HKFRS 8 Operating Segments.

## 5. REVENUE

### Disaggregation of revenue from contracts with customers

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
<b>Types of service</b>		
Consultancy services income	83,209	81,732
Handling fee income	281,052	34,041
Income from asset management and performance	4,451	2,633
Online new media services income	39,584	29,466
	<u>408,296</u>	<u>147,872</u>
<b>Timing of revenue recognition</b>		
Recognised at a point in time	315,365	87,363
Recognised over time	92,931	60,509
	<u>408,296</u>	<u>147,872</u>

Set out below is the reconciliation of the revenue from contracts with customers to the Group's total revenue with the amounts:

Revenue from contracts with customers	408,296	147,872
Finance lease income	161,483	79,046
Interest income from money lending operations	159,683	123,061
Interest income from financial assets at FVTPL	49,119	8,175
Interest income from financial assets at fair value through other comprehensive income ("FVTOCI")	67,402	18,247
Dividend and distribution income from financial assets at FVTPL	48,166	50,795
	<u>894,149</u>	<u>427,196</u>

Transaction price allocated to the remaining performance obligation for contracts with customers.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its revenue such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts as all contract works have an original expected duration of one year or less.

## 6. OTHER INCOME

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Bank interest income	128,220	7,312
Government subsidy ( <i>Note</i> )	885	300
Penalty on late payment	5,531	–
Sundry income	1,405	1,116
	<u>136,041</u>	<u>8,728</u>

*Note:* There were no unfulfilled conditions or contingencies relating to these government grants.

## 7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Impairment losses recognised in respect of – goodwill	(8,771)	(146,586)
Loss on disposal of an other receivable	(4,387)	–
	<u>(13,158)</u>	<u>(146,586)</u>



## 8. IMPAIRMENT LOSSES ON FINANCIAL ASSETS RECOGNISED, NET OF REVERSAL

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Impairment losses on financial assets recognised, net of reversal, in respect of:		
Finance lease receivables	(342,076)	(144,890)
Loans receivables	(20,427)	(1,932)
Advances to associates	–	(288)
Trade and other receivables	(237,650)	(64,783)
	<u>(600,153)</u>	<u>(211,893)</u>

## 9. FINANCE COSTS

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	99,554	30,946
Interest on other borrowings	44,050	49,087
Interest on bonds	379,075	140,938
Amortised interest on convertible bonds	21,643	56,200
Interest on lease liabilities	75	–
	<u>544,397</u>	<u>277,171</u>
Less: Finance costs included in cost of services	(193,364)	(84,907)
	<u>351,033</u>	<u>192,264</u>

## 10. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <b>HK\$'000</b>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Auditors' remuneration:		
– Audit services	3,000	3,000
– Non-audit services	<u>640</u>	<u>250</u>
	<b><u>3,640</u></b>	<b><u>3,250</u></b>
Employee benefit expenses:		
<i>Directors' remuneration:</i>		
– Fees	3,897	3,165
– Salaries, allowances and benefits in kind	12,282	6,176
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>82</u>	<u>34</u>
Sub-total	<b><u>16,261</u></b>	<b><u>9,375</u></b>
<i>Other staff's costs:</i>		
– Salaries, allowances and benefits in kind	134,809	80,313
– Retirement benefit scheme contributions (defined contribution scheme) *	<u>10,842</u>	<u>7,712</u>
Sub-total	<b><u>145,651</u></b>	<b><u>88,025</u></b>
Total employee benefit expenses	<b><u>161,912</u></b>	<b><u>97,400</u></b>

	<b>Year ended</b> <b>31 December</b> <b>2019</b> <b>HK\$'000</b>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Sales proceeds from disposal of securities, bonds and funds	<b>(512,336)</b>	(470,105)
Carrying amount of securities, bonds and funds	<b>528,649</b>	477,640
Realised losses from financial assets at FVTPL – securities, bonds and funds, net ( <i>note 15(iii)</i> )	<b>16,313</b>	7,535
Unrealised losses from financial assets at FVTPL – securities, bonds and funds, net ( <i>note 15(ii)</i> )	<b>1,346,743</b>	223,223
Fair value losses on financial assets at FVTPL, net	<b>1,363,056</b>	230,758
Foreign exchange loss, net**	<b>1,560</b>	69,723
Borrowing costs	<b>33,160</b>	12,441
Amortisation of intangible assets	<b>5,050</b>	3,304
Depreciation of property, plant and equipment	<b>3,950</b>	3,577
Depreciation of right-of-use assets	<b>3,937</b>	–
Minimum lease payments under operating leases	–	16,738
Expenses relating to short term leases	<b>25,696</b>	–

*Notes:*

\* As at 31 December 2019, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (31 December 2018: nil).

\*\* For the year ended 31 December 2019 and nine months ended 31 December 2018, the foreign exchange loss, net is included in administrative expenses.

## 11. INCOME TAX EXPENSE/(CREDIT)

	Year ended 31 December 2019 <i>HK\$'000</i>	Nine months ended 31 December 2018 <i>HK\$'000</i>
Current tax		
– Hong Kong Profits Tax	–	–
– PRC Enterprise Income Tax	<u>49,452</u>	<u>10,102</u>
	<u>49,452</u>	<u>10,102</u>
Overprovision in prior years		
– PRC Enterprise Income Tax	–	<u>(10,530)</u>
Deferred tax credit	<u>(14,840)</u>	<u>(56,720)</u>
Income tax expense/(credit)	<u><u>34,612</u></u>	<u><u>(57,148)</u></u>

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

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 year/period.

No provision for taxation in Hong Kong has been made as the Group has no assessable profits for the purpose of calculating Hong Kong Profits Tax.

The PRC Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (for the nine months ended 31 December 2018: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 12. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2019 (for the nine months ended 31 December 2018: nil), nor has any dividend been proposed since the end of the reporting period.

## 13. LOSS PER SHARE

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

	<b>Year ended 31 December 2019 HK\$'000</b>	Nine months ended 31 December 2018 HK\$'000
Loss for the year/period attributable to owners of the Company for the purpose of basic and diluted loss per share	<u><u>(2,095,524)</u></u>	<u><u>(705,280)</u></u>
<i>Number of shares</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u><u>24,452,450</u></u>	<u><u>24,512,008</u></u>

Diluted loss per share did not assume the exercise of share options since their assumed exercise had an anti-dilutive effect on loss per share for the year ended 31 December 2019.

Diluted loss per share did not assume the conversion of convertible bonds and exercise of share options since their assumed conversion and exercise had an anti-dilutive effect on loss per share for the nine months ended 31 December 2018.

#### 14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>		
Unlisted equity investment		
– in elsewhere ( <i>Notes (i), (ii) and (iii)</i> )	2,067,882	1,719,189
Note		
– in elsewhere ( <i>Notes (ii), (iii) and (iv)</i> )	243,166	–
Listed bonds		
– in elsewhere ( <i>Notes (ii), (iii) and (iv)</i> )	940,998	–
– in the PRC ( <i>Notes (ii), (iii) and (iv)</i> )	23,765	–
	<u>3,275,811</u>	<u>1,719,189</u>
<b>Current assets</b>		
Notes		
– in elsewhere ( <i>Notes (ii), (iii) and (iv)</i> )	140,368	543,649
Listed bonds		
– in elsewhere ( <i>Notes (ii), (iii) and (iv)</i> )	502,314	36,599
Unlisted bond		
– in Hong Kong ( <i>Notes (ii), (iii) and (iv)</i> )	238,025	–
	<u>880,707</u>	<u>580,248</u>

*Notes:*

- (i) Unlisted securities represent the Group's 40% equity interest in Shandong Hi-Speed (BVI) International Holdings Limited ("Shandong (BVI)"). The directors of the Company consider that the Group has no significant influence over Shandong (BVI), which is held for long term strategic purposes and hence have elected to designate this investment in financial assets at FVTOCI.

(ii) Details of financial assets at FVTOCI:

Nature of investments	Number of shares/ units held		Percentage of share holding		Fair value		Net gain/(loss) during the year/period		Percentage to the Group's net assets		Investment cost	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	HK\$'000	HK\$'000
<b>Non-current assets</b>												
Unlisted equity investment in elsewhere												
Shandong (BVI)	20,000	20,000	40	40	2,067,882	1,719,189	348,693	129,189	20.17	35.24	1,530,000	1,530,000
Note												
- in elsewhere	N/A	N/A	N/A	N/A	243,166	-	10,843	-	2.37	-	233,230	-
Listed bonds												
- in elsewhere	N/A	N/A	N/A	N/A	940,998	-	(18,365)	-	9.18	-	963,120	-
- in the PRC	N/A	N/A	N/A	N/A	23,765	-	370	-	0.23	-	23,530	-
					<u>3,275,811</u>	<u>1,719,189</u>	<u>341,541</u>	<u>129,189</u>	<u>31.95</u>	<u>35.24</u>	<u>2,749,880</u>	<u>1,530,000</u>
<b>Current assets</b>												
Notes												
- in elsewhere	N/A	N/A	N/A	N/A	140,368	543,649	-	-	1.37	11.14	140,901	543,649
Listed bonds												
- in elsewhere	N/A	N/A	N/A	N/A	502,314	36,599	12,866	(2,544)	4.90	0.75	490,777	39,143
Unlisted bond												
- in Hong Kong	N/A	N/A	N/A	N/A	238,025	-	(3,720)	-	2.32	-	241,745	-
					<u>880,707</u>	<u>580,248</u>	<u>9,146</u>	<u>(2,544)</u>	<u>8.59</u>	<u>11.89</u>	<u>873,423</u>	<u>582,792</u>

(iii) Net unrealised gains/(losses) from financial assets at FVTOCI:

	Year ended 31 December 2019 HK\$'000	Nine months ended 31 December 2018 HK\$'000
Net unrealised gains/(losses) from financial assets at FVTOCI for the year/period:		
Unlisted equity investment		
- in elsewhere	348,693	129,189
Note		
- in elsewhere	10,843	-
Listed bonds		
- in elsewhere	(5,499)	(2,544)
- in the PRC	370	-
Unlisted bond		
- in Hong Kong	(3,720)	-
	<u>350,687</u>	<u>126,645</u>

(iv) Details of the debt instruments are as follow:

Nature of investments	Interest Rate %	Maturity date	Fair Value	
			2019 HK\$'000	2018 HK\$'000
<b>Non-current assets</b>				
<b>Note in elsewhere:</b>				
Note A	7.125	May 2021	243,166	–
<b>Listed bonds in elsewhere:</b>				
Bond A	7.950	Aug 2021	209,420	–
Bond B	7.500	Nov 2021	156,508	–
Bond C	6.850	Sep 2022	152,949	–
Bond D	5.750	Nov 2024	115,733	–
Bond E	5.600	Nov 2022	114,894	–
Bond F	9.000	Jul 2021	40,426	–
Bond G	7.450	Apr 2021	39,889	–
Bond H	5.250	Mar 2022	39,091	–
Bond I	7.625	Mar 2021	31,742	–
Bond J	7.500	Aug 2021	16,206	–
Bond K	8.375	Jan 2021	16,078	–
Bond L	7.625	Mar 2021	8,062	–
			<b>940,998</b>	–
<b>Listed bond in the PRC:</b>				
Bond M	5.600	Oct 2022	23,765	–
			<b>1,207,929</b>	–



Nature of investments	Interest Rate %	Maturity date	Fair Value	
			2019 HK\$'000	2018 HK\$'000
<b>Current assets</b>				
<b>Notes in elsewhere:</b>				
Note C	5.500	Jun 2019	<b>140,368</b>	–
Note A	7.125	May 2021	–	233,230
Note B	7.500	Nov 2019	–	156,574
Note D	10.500	Jun 2019	–	153,845
			<b>140,368</b>	<b>543,649</b>
<b>Listed bonds in elsewhere:</b>				
Bond N	10.500	Jul 2020	<b>159,879</b>	–
Bond O	11.500	Aug 2020	<b>156,160</b>	–
Bond P	4.550	Nov 2020	<b>78,266</b>	–
Bond Q	11.000	Jul 2020	<b>40,154</b>	–
Bond R	5.950	Jul 2020	<b>39,082</b>	–
Bond S	8.625	Jul 2020	<b>23,903</b>	–
Bond T	8.750	Dec 2020	<b>4,870</b>	–
Bond F	9.000	Jul 2021	–	36,599
			<b>502,314</b>	<b>36,599</b>
<b>Unlisted bond in Hong Kong:</b>				
Bond U	6.000	Dec 2020	<b>238,025</b>	–
			<b>880,707</b>	<b>580,248</b>

## 15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>		
Listed equity investment		
– In Hong Kong ( <i>Notes (i) and (ii)</i> )	<u>327,875</u>	<u>1,440,764</u>
Unlisted equity investments		
– In the PRC ( <i>Notes (i) and (ii)</i> )	–	511
– In elsewhere ( <i>Notes (i) and (ii)</i> )	<u>289,407</u>	<u>308,365</u>
	<u>289,407</u>	<u>308,876</u>
Investment fund		
– In the PRC ( <i>Note (i)</i> )	<u>33,365</u>	<u>34,090</u>
Club membership debenture		
– In Hong Kong ( <i>Notes (i) and (ii)</i> )	<u>6,050</u>	<u>6,200</u>
	<u><b>656,697</b></u>	<u><b>1,789,930</b></u>

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Current assets</b>		
Held-for-trading listed equity investments		
– In Hong Kong ( <i>Notes (i), (ii) and (iii)</i> )	382,533	639,819
– In elsewhere ( <i>Notes (i)</i> )	77,981	–
	<u>460,514</u>	<u>639,819</u>
Guaranteed structure note		
– In the PRC ( <i>Note (i)</i> )	–	77,167
Held-for-trading investment funds		
– In Hong Kong ( <i>Note (i) and (ii)</i> )	543,697	540,419
– In elsewhere ( <i>Note (i), (ii) and (iii)</i> )	528,684	600,557
– In the PRC ( <i>Note (i) and (iii)</i> )	3,280	36,456
	<u>1,075,661</u>	<u>1,177,432</u>
Other investment funds		
– In elsewhere ( <i>Note (i) and (ii)</i> )	664,557	–
Held-for-trading bonds		
– In Hong Kong ( <i>Note (i) and (iii)</i> )	–	235,984
	<u>2,200,732</u>	<u>2,130,402</u>

## (i) Details of financial assets at FVTPL:

Nature of investments	Number of shares/ units held		Percentage of share holding		Fair value		Fair value gain/(loss) during the year/period		Percentage to the Group's net assets		Investment cost	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	HK\$'000	HK\$'000
Non-current assets												
Listed equity investment in Hong Kong												
Jiayuan International Group Limited (Stock code: 2768)	107,500,227	99,500,227	2.73	3.96	327,875	1,440,764	(1,132,888)	334,863	3.20	29.53	615,858	595,859
Unlisted equity investments in the PRC												
Yunnan Highway	29,951,000	29,951,000	8.32	8.32	-	-	-	(217,812)	-	-	39,539	39,539
北京樓宇通信息科技有限公司	900,000	900,000	9.00	9.00	-	511	(511)	-	-	0.01	511	511
Unlisted equity investment in elsewhere												
Satimu Resources Group Limited	48,000,000	48,000,000	3.87	4.63	289,407	308,365	(18,958)	(73,290)	2.82	6.32	381,655	381,655
					289,407	308,876	(19,469)	(291,102)	2.82	6.33	421,705	421,705
Other investment fund in the PRC												
陸家嘴信託專登1號集合資金信託計劃	30,000,000	30,000,000	N/A	N/A	33,365	34,090	-	-	0.33	0.7	34,090	34,090
Club membership debenture in Hong Kong												
	N/A	N/A	N/A	N/A	6,050	6,200	(150)	1,000	0.06	0.13	4,200	4,200
					656,697	1,789,930	(1,152,507)	44,761	6.41	36.69	1,075,853	1,055,854
Current assets												
Held-for-trading listed equity investments in Hong Kong												
China Smarter Energy Group Holding Limited (Stock code: 1004)	666,372,364	677,736,000	7.23	7.23	279,877	542,189	(252,312)	(54,219)	2.73	11.11	448,136	455,778
Code Agriculture (Holdings) Limited (Stock code: 8153)	60,000,000	60,000,000	2.24	2.24	4,200	4,440	(240)	(2,160)	0.04	0.09	3,000	3,000
Far East Holdings International Limited (Stock code: 36)	11,814,000	11,814,000	1.08	1.08	2,528	4,608	(2,079)	(4,489)	0.02	0.09	24,009	24,009
Hao Tian Development Group Limited (Stock code: 474)	385,000,000	385,000,000	7.86	7.86	80,080	88,550	(8,470)	(21,175)	0.78	1.82	99,000	99,000
Huatai Securities Company Limited (Stock code: 6886)	102,600	2,600	0.00	0.00	1,414	32	8	(7)	0.01	0.00	1,438	64
Poly Property Development Company Limited (Stock code: 6049)	11,200	-	0.00	-	524	-	215	-	0.01	-	393	-
Tencent Holdings Limited (Stock code: 700)	2,000	-	0.00	-	751	-	5	-	0.01	-	746	-
AIA Group Limited (Stock code: 1299)	10,000	-	0.00	-	818	-	19	-	0.01	-	799	-
KWG Group Holdings Limited (Stock code: 1813)	80,000	-	0.00	-	874	-	14	-	0.01	-	860	-
Shimao Property Holdings Limited (Stock code: 813)	25,000	-	0.00	-	755	-	8	-	0.01	-	747	-
Powerlong Commercial Management Holdings Limited (Stock code: 9909)	66,000	-	0.00	-	648	-	21	-	0.01	-	627	-
China Molybdenum Company Limited (Stock code: 3993)	399,000	-	0.00	-	1,333	-	(7)	-	0.01	-	1,340	-
Xiaomi Corporation (Stock code: 1810)	150,000	-	0.00	-	1,617	-	6	-	0.02	-	1,611	-
An Hui Conch Cement Company Limited (Stock code: 914)	27,000	-	0.00	-	1,534	-	2	-	0.01	-	1,532	-
Seazen Group Limited (Stock code: 1030)	160,000	-	0.00	-	1,517	-	(21)	-	0.01	-	1,538	-
CIFI Holdings (Group) Company Limited (Stock code: 884)	230,000	-	0.00	-	1,519	-	(7)	-	0.01	-	1,526	-
China Life Insurance Company Limited (Stock code: 2628)	70,000	-	0.00	-	1,512	-	-	-	0.01	-	1,512	-
Xiny Glass Holdings Limited (Stock code: 868)	100,000	-	0.00	-	1,032	-	(2)	-	0.01	-	1,034	-
					382,533	639,819	(262,840)	(82,050)	3.72	13.11	589,848	581,851

Nature of investments	Number of shares/ units held		Percentage of share holding		Fair value		Fair value gain/(loss) during the year/period		Percentage to the Group's net assets		Investment cost	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			%	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%	%	HK\$'000	HK\$'000
Held-for-trading listed equity investment in elsewhere												
New Frontier Health Corporation (Stock code: NFH)	1,000	-	1	-	77,981	-	-	-	0.76	-	77,981	-
Guaranteed structure note issued by Haitong International Products & Solutions Limited	N/A	N/A	N/A	N/A	-	77,167	-	-	-	1.58	-	77,167
Debt investment in Hong Kong managed by												
Sinolink Securities (HK) Co. Limited	N/A	N/A	N/A	N/A	543,697	540,419	3,278	(6,409)	5.30	11.08	550,000	550,000
Altair Asia Investment Limited	5,292,982	5,292,982	N/A	N/A	20,000	20,000	-	(123,434)	0.20	0.41	200,000	200,000
OBOR Stable Growth Fund Limited (formerly known as "China Times Investment Limited")	668,210	668,210	N/A	N/A	508,684	434,375	76,311	(65,386)	4.96	8.90	525,611	527,663
Haitong International Investment Limited	N/A	200,000	N/A	-	-	146,182	(17,757)	(4,239)	-	3.00	-	155,500
					528,684	600,557	58,554	(193,059)	5.16	12.31	725,611	883,163
Held-for trading investment funds in the PRC	N/A	N/A	N/A	N/A	3,280	36,456	1,715	(2,135)	0.03	0.75	3,352	38,590
Investments funds in elsewhere												
Haitong Freedom Multi-Tranche Bond Fund	500,222	-	N/A	N/A	428,193	-	(710)	-	4.18	-	428,903	-
SCCS Investment Fund LP	3	-	23.07	N/A	236,364	-	(9,280)	-	2.31	-	245,644	-
					664,557	-	(9,990)	-	6.49	-	674,547	-
Held-for-trading investment bonds in Hong Kong												
Jiarui Investment (Hong Kong) Company Limited	N/A	30	N/A	N/A	-	235,984	(1,123)	8,134	-	4.84	-	227,850
Hong Kong International (Qingdao) Company Limited	N/A	N/A	N/A	N/A	-	-	(143)	-	-	-	-	-
					-	235,984	(1,266)	8,134	-	4.84	-	227,850
					2,200,732	2,130,402	(210,549)	(275,519)	21.46	43.67	2,621,339	2,358,621

(ii) Net unrealised gains/(losses) from financial assets at FVTPL:

	<b>Year ended 31 December 2019 HK\$'000</b>	Nine months ended 31 December 2018 HK\$'000
Net unrealised gains/(losses) from financial assets at FVTPL for the year/period:		
Listed equity investment		
– In Hong Kong	<b>(1,132,888)</b>	334,863
Unlisted equity investments		
– In the PRC	<b>(511)</b>	(217,812)
– In elsewhere	<b>(18,958)</b>	(73,290)
Club membership debenture		
– In Hong Kong	<b>(150)</b>	1,000
Held-for-trading listed equity investments		
– In Hong Kong	<b>(263,835)</b>	(82,050)
Held-for-trading investment funds		
– In Hong Kong	<b>3,278</b>	(6,409)
– In the PRC	<b>–</b>	(2,135)
– In elsewhere	<b>76,311</b>	(185,524)
Other investment funds		
– In elsewhere	<b>(9,990)</b>	–
Held-for-trading investment bonds		
– In the PRC	<b>–</b>	8,134
	<b>(1,346,743)</b>	<b>(223,223)</b>

(iii) Net realised gains/(losses) from financial assets at FVTPL:

	<b>Year ended 31 December 2019 HK\$'000</b>	Nine months ended 31 December 2018 HK\$'000
Net realised gains/(losses) from financial assets at FVTPL for the year/period:		
Held-for-trading listed equity investments		
– In Hong Kong	<b>995</b>	–
Held-for-trading investment funds		
– In elsewhere	<b>(17,757)</b>	(7,535)
– In the PRC	<b>1,715</b>	–
Held-for-trading investment bonds		
– In Hong Kong	<b>(1,266)</b>	–
	<b>(16,313)</b>	<b>(7,535)</b>

## 16. FINANCE LEASE RECEIVABLES

The carrying amount of finance lease receivables are set out below:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within one year	1,436,872	1,083,033
Later than one year and not later than second year	890,173	818,444
Later than third year and not later than fifth year	<u>500,762</u>	<u>917,831</u>
Carrying amount of finance lease receivables	<u>2,827,807</u>	<u>2,819,308</u>
Analysed for reporting purpose as:		
Non-current assets	1,390,935	1,736,275
Current assets	<u>1,436,872</u>	<u>1,083,033</u>
	<u>2,827,807</u>	<u>2,819,308</u>

## 17. LOANS RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loans receivables	2,763,797	1,388,356
<i>Less: allowance for impairment loss</i>	<u>(76,312)</u>	<u>(55,990)</u>
	<u>2,687,485</u>	<u>1,332,366</u>
Analysed for reporting purpose as:		
Non-current assets	37,474	488,653
Current assets	<u>2,650,011</u>	<u>843,713</u>
	<u>2,687,485</u>	<u>1,332,366</u>

An aging analysis of loans receivables (net of impairment), determined based on the time to maturity of the loans receivables, as at the end of the reporting period is as follows:

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
To be due within:		
Within 90 days	<b>512,686</b>	248,861
91 days to 180 days	–	228,867
181 days to 1 year	<b>2,137,325</b>	365,985
1 year to 2 years	<b>37,474</b>	488,653
	<u><b>2,687,485</b></u>	<u>1,332,366</u>

#### **18. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>82,553</b>	38,620
Less: Allowance for credit losses	<b>(2,426)</b>	(592)
	<u><b>80,127</b></u>	<u>38,028</u>
Prepayments	<b>40,021</b>	11,391
Deposits	<b>70,721</b>	54,421
Interest receivables	<b>134,538</b>	68,624
Other receivables	<b>710,926</b>	818,619
	<u><b>956,206</b></u>	<u>953,055</u>
	<u><b>1,036,333</b></u>	<u>991,083</u>



The following is an aging analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date (or date of revenue recognition, if earlier):

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 90 days	48,165	30,188
91 days to 180 days	3,526	1,559
181 days to 1 year	11,144	637
Over 1 year	<u>17,292</u>	<u>5,644</u>
	<u><b>80,127</b></u>	<u><b>38,028</b></u>

The Group has a policy of granting trade customers with credit of generally within 90 (2018: 90) days.

## 19. BORROWINGS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank borrowings		
– Repayable within one year	464,818	343,174
– Repayable after one year but within five years	2,360,757	795,890
Bonds		
– Repayable within one year	4,816,820	4,739,322
– Repayable after one year but within five years	3,973,523	20,100
– Repayable after five years	793,841	–
Other borrowings		
– Repayable within one year	154,882	310,696
– Repayable after one year but within five years	<u>–</u>	<u>1,565,737</u>
	<u><b>12,564,641</b></u>	<u><b>7,774,919</b></u>
Analysed for reporting purpose as:		
Non-current liabilities	7,128,121	2,381,727
Current liabilities	<u>5,436,520</u>	<u>5,393,192</u>
	<u><b>12,564,641</b></u>	<u><b>7,774,919</b></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL RESULTS AND BUSINESS REVIEW**

As stated in the announcement of the Company dated 21 June 2018, the Board has resolved to change the financial year end date of the Company from 31 March to 31 December with effect from the financial year 2018, to align the financial year end date of the Company with the financial year end date of its operating subsidiaries in the PRC, thereby streamlining the preparation of the financial reporting process of the Company. Accordingly, the current financial period covers the whole year from 1 January 2019 to 31 December 2019 (the “Reporting Period”), while the comparative figures cover the period of nine months from 1 April 2018 to 31 December 2018, which may not be fully comparable to the results of this Reporting Period.

The Board hereby announces that the Group recorded a net loss of approximately HK\$1,961,815,000 during the Reporting Period (for the nine months ended 31 December 2018: net loss of approximately HK\$691,176,000). The net loss was mainly due to the significant loss in the fair value of one of the Group’s financial assets and provision for significant impairment of relevant financial assets.

As at 31 December 2019, the Group recorded total assets of approximately HK\$23,198,805,000 (31 December 2018: HK\$13,377,465,000) and total liabilities of approximately HK\$12,947,348,000 (31 December 2018: HK\$8,499,219,000), and therefore net assets amounted to approximately HK\$10,251,457,000 (31 December 2018: HK\$4,878,246,000).

The Group is an investment holding company and its subsidiaries were engaged in the following major operating segments during the Reporting Period:

**a) Financial leasing**

During the Reporting Period, the financial leasing business recorded a loss of approximately HK\$387,792,000 (for the nine months ended 31 December 2018: loss of approximately HK\$465,244,000), which was mainly due to the Group's provision for impairment of relevant financial assets of approximately HK\$343,199,000, of which finance lease receivables impairment amounted to approximately HK\$342,076,000. In the recent years, affected by factors such as the slowdown of the macro economic growth and intensified competition in the industry, the growth rate of the number of enterprises and the balances of lease contracts in the financial leasing industry has slowed down significantly. Meanwhile, the increasingly stringent financial regulatory environment gave rise to limitations against the financing channels for companies in the financial leasing industry, bringing out more difficulties for the overall operation. As the current condition gets improvement to certain extent, the capital financing channels are gradually broadened, and we believe the overall industry will recover step by step. On the other hand, as the penetration of the financial leasing industry in the PRC market is still far lower than that in the developed countries, there are still great development space and market potentials at present.

**b) Investment in securities**

During the Reporting Period, affected by the fluctuation of stock markets, the Group's securities portfolio recorded an unrealised fair value loss on financial assets at fair value through profit or loss of approximately HK\$1,346,743,000 (for the nine months ended 31 December 2018: loss of approximately HK\$223,223,000) and a realised loss on financial assets at fair value through profit or loss of approximately HK\$16,313,000 (for the nine months ended 31 December 2018: loss of approximately HK\$7,535,000). The unrealised fair value changes had no impact on the Group's cash flow as they were non-cash items.

**c) Money lending**

During the Reporting Period, the revenue from the money lending segment was approximately HK\$76,420,000 (for the nine months ended 31 December 2018: approximately HK\$83,064,000). The decrease in revenue was due to the loan repayments of some customers. The Group will continue to adopt a prudent and compliant management approach to maintain steady growth in business and profitability.

C.I.F. Financial Limited, a wholly-owned subsidiary of the Company, holds a money lender license.

#### **d) Financial technology**

During the Reporting Period, the financial technology business recorded a profit of approximately HK\$171,864,000 (for the nine months ended 31 December 2018: profit of approximately HK\$26,256,000). The increase in profit was mainly attributable to the expansion of business, driving an increase in the turnover of this business. In the future, the financial technology segment will continue to create synergy with other businesses of the Group, bringing favourable conditions for the Group's development.

During the Reporting Period, the Group also carried out the businesses of operating an asset trading platform, securities brokerage and commercial factoring.

#### ***Asset Trading Platform***

The Company, through its subsidiary, Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd.\* (深圳亞太租賃資產交易中心有限公司) ("LAECAP"), is engaged in the trading business of financial leasing, leasing assets as well as other related leasing properties, and provision of spot trading platform and marketing and consulting services related to the above businesses.

During the Reporting Period, under the directions of Shenzhen Municipal Financial Regulatory Bureau (Shenzhen Municipal Financial Service Office) (深圳市地方金融監督管理局 (深圳市政府金融工作辦公室)) to the Opinions on the Safe Handling of Remaining Issues and Risks of Local Trading Places\* (《關於穩妥處置地方交易場所遺留問題和風險的意見》) issued by the China Securities Regulatory Commission, the Group entered into an agreement with Shenzhen Qianhai Financial Leasing Financial Trading Center Co., Ltd.\* (深圳市前海融資租賃金融交易中心有限公司) (now known as "Shenzhen Guangjin United Investment Co., Ltd\*" (深圳廣金聯合投資有限公司)), an independent third party, (the "Laecap Investor") that (i) to transfer the Group's 50% equity interest in LAECAP to the Laecap Investor on 30 December 2019; (ii) the Laecap Investor has guaranteed to refrain from engaging in similar business of LAECAP; and (iii) the Laecap Investor shall transfer its existing business which are the same and similar to LAECAP, related staff and customer relationship to LAECAP.

The Directors consider that the Group can exercise control over LAECAP through controlling its board of directors which can direct the relevant activities of LAECAP. Therefore, the financial results of LAECAP are consolidated into the consolidated financial results of the Group.

## **FUTURE PROSPECTS**

In 2019, amid great changes in the domestic and international economic environment, the uncertainties of the global economy increased and the development of the overall economy witnessed a slowdown. In early January this year, the International Monetary Fund (IMF) downgraded its global growth forecast for 2019 to 2.9%, the lowest since the global economic crisis. The slowdown in economic growth was mainly due to the intensifying trade conflicts and geopolitical tensions, which caused more uncertainties in the future global trading system and international cooperation and had an adverse impact on the global business environment, investment decision and global trade. The central banks across the world had adopted more accommodative monetary policies to mitigate the impact of the said tensions on the financial market sentiment and activities. Nevertheless, global economic growth still tended to slow down with unstable outlook. The changes in the external environment further increased the downward pressure on China's economic growth. According to the data published by the National Bureau of Statistics, the gross domestic product (GDP) in 2019 increased by 6.1% year-on-year, lower than 6.6% in 2018. Meanwhile, as the current domestic economy is transforming from high-speed growth to high-quality growth and economic structure is also undergoing adjustment and optimisation, it is projected that the economic growth will remain under pressure in the short term.

Looking forward to 2020, in order to address the potential risks associated with economic downward and to further invigorate micro-entities in the market, the PRC government is expected to implement a prudent monetary policy and a proactive fiscal policy and thus the basic trend of future economy will continue to maintain steady development while making good for a long term. This year is the last year of the 13th Five-year Plan of the PRC (the "Plan"), and the Plan highlights the Guangdong-Hong Kong-Macao Greater Bay Area to be constructed and developed into a city cluster with global competitiveness. Currently, the Guangdong-Hong Kong-Macao Greater Bay Area is one of the regions in the PRC with the highest level of openness and economic vibrancy and has the fundamental conditions to become an international top bay area and a world-class city cluster. With a gradual introduction and implementation of development policies and complementary measures for the Greater Bay Area, local and cross-border demands for investment and financing will surge, providing enormous opportunities for the business development of the Group.

Moreover, since the outbreak of the COVID-19 at the beginning of the year, the Group has taken the employees' health as its top priority, and actively implemented various higher standards, more stringent requirements and more practicable measures to better carry out the epidemic control and prevention works. In order to improve the financial service security and crisis response during the epidemic period, the Group has promptly assessed the actual situation and made a flexible adjustment to business development, so as to protect the interests of customers as much as practicable and maintain the steady and healthy development of all businesses. Meanwhile, in response to the national government's guidance on further strengthening financial support for the epidemic control and prevention, the Group will actively cooperate with banks, insurance companies and other parties to reinforce the financial supports for the key areas in the society and livelihood.

In the future, the Group will fully capitalise the development opportunities brought by a series of national policies on, among others, the development of Guangdong-Hong Kong-Macao Greater Bay Area, the "Belt and Road" Initiative, the replacement of old growth drivers with new ones in Shandong Province, the transformation and upgrading of domestic traditional industries and the development of emerging industries. Meanwhile, by leveraging the abundant resource and market superiority of Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司), the controlling shareholder of the Company, as well as the Group's extensive experience in the capital markets of mainland China and Hong Kong, the Group will continue to enhance its business strength and thoroughly implement the dual strategy of direct investment and strategic M&A with an aim to develop into a fast-growing first-class investment, financing and financial holding platform in the Greater China Region.

The Group will continue to seek potential acquisition targets that will create synergy with the Group and enhance its profitability. As at the date of this announcement, the Group does not have any specific acquisition target.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

From 31 December 2019 to the date of this announcement, there were no significant reportable events or transaction incurred in the Group.

## **FUNDRAISING ACTIVITIES**

On 15 January 2019, the Group issued US\$550,000,000 5.95% guaranteed bonds due 2020. Given the abovementioned bonds were well received by the market, the Group further issued US\$50,000,000 5.95% guaranteed bonds due 2020 on 19 February 2019.

On 25 July 2019, the Group issued US\$100,000,000 4.30% guaranteed bonds due 2029.

On 1 August 2019, the Group issued US\$500,000,000 3.95% guaranteed bonds due 2022 and US\$900,000,000 4.30% guaranteed perpetual securities.

The above issuances of bonds and securities are a significant step of the Group in gaining recognition in the international financial market and would provide the Group with an additional source of funding for its business development. Further details about the abovementioned matters are set out in the announcements of the Company dated 9 January 2019, 15 January 2019, 19 February 2019 and 26 July 2019, respectively.

## **DIVIDENDS**

The Directors do not recommend the payment of any dividend for the Reporting Period (31 December 2018: Nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group adopts a prudent approach to cash and financial management to properly manage risks and reduce capital costs. As at 31 December 2019, the Group's total assets and borrowings were HK\$23,198,805,000 and HK\$12,564,641,000, respectively. The borrowings of the Group were comprised of bank borrowings, bonds and other borrowings of approximately HK\$2,825,575,000, HK\$9,584,184,000 and HK\$154,882,000, respectively. Details of the bank loans and other borrowings of the Group are disclosed in note 19 to the consolidated financial statements.

As at 31 December 2019, the outstanding bonds of the Group included a 5.95% guaranteed bond in the amount of approximately HK\$4,806,638,000, a 3.95% guaranteed bond in the amount of approximately HK\$3,963,252,000, a 4.30% guaranteed bonds in the amount of approximately HK\$793,841,000 and two unsecured seven-year ordinary bonds in the amount of approximately HK\$20,453,000 bearing an interest rate of 5% per annum. Although the above-stated bonds and some borrowings were denominated in US dollars, the exchange rate was relatively stable and the unsecured bonds were denominated in Hong Kong dollars, thus the Company was not subject to the risks in relation to exchange rate fluctuations. The gearing ratio (total borrowings divided by total assets) as at 31 December 2019 was approximately 54.16% (31 December 2018: approximately 60.44%).

## **CURRENCY RISK MANAGEMENT**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollars and US dollars. The Group is mainly exposed to foreign exchange risk with respect to Renminbi, which may affect the Group's performance. The management will pay attention to the exchange rate exposure that may be arising from the continuing fluctuation of Renminbi, closely monitor its impact on the performance of the Group and will consider adopting appropriate hedging measures in the future when necessary. In addition, the Group also pays close attention to the impact of the U.S. interest rate fluctuations on its U.S. dollar-denominated assets, and takes appropriate response measures.

During the Reporting Period, the Group has neither held any financial instruments for hedging purposes, nor any currency borrowings or other hedging instruments to hedge its net foreign currency investments.

## **PLEDGE OF ASSETS**

As at 31 December 2019, the Group's finance lease receivables with carrying amount of approximately HK\$282,102,000 have been pledged to secure for bank borrowings.

## **CONTINGENT LIABILITIES AND CAPITAL COMMITMENT**

As at 31 December 2019, the Group did not have any significant contingent liabilities and capital commitments.

## **SIGNIFICANT INVESTMENTS**

Save as disclosed in notes 14 and 15 to the consolidated financial statements, the Group did not have any other significant investments during the Reporting Period.

Save as disclosed in the section headed "Future Prospects" on pages 36 to 37 in this announcement, the Group did not have any future plans for significant investment or capital assets acquisition during the Reporting Period and as at the date of this announcement.



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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries.

## **EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME**

As at 31 December 2019, the Group had a workforce, including the directors of the Company and its subsidiaries, of 562 employees, of which 486, 67 and 9 were based in the PRC, Hong Kong and Singapore, respectively. Staff costs incurred and charged to profit or loss for the Reporting Period, including Directors' remuneration, were approximately HK\$161,912,000 (for the nine months ended 31 December 2018: approximately HK\$97,400,000). The increase was mainly due to business expansion, organisational restructuring, manpower deployment and increase in salaries.

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a basis for the review of the remuneration package. Meanwhile, competitive remuneration packages are offered to employees by reference to the prevailing market rate and individual merits.

The Company participates in a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all its employees in Hong Kong. The employees of the Group's PRC subsidiaries are members of a State-managed retirement benefit plan operated by the government of the PRC. The PRC subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The Group has adopted a series of human resource management initiatives to attract and cultivate talents, including providing training programmes and development opportunities for its staff. The Group has established individual training and development record for each of our employees to improve their professional service standards and to keep them updated with the latest knowledge developments and help them develop sufficient professional capability to provide better services for investors and other stakeholders. The Group has also been implementing the “Internal Sharing Plan” in the Group, encouraging our staff to share their expertise and experience with others. In addition, the Group encouraged all employees to participate in financial knowledge training courses organised by various commercial institutions to enrich and improve their understanding of finance.

The Group provided benefits including Mandatory Provident Fund Scheme, staff quarters and medical insurance. Meanwhile, the Group provided other benefits to the staff in accordance with the prevailing market practice.

## **ENVIRONMENTAL POLICIES AND PERFORMANCE**

The Group is committed to supporting environmental sustainability. The Group implements environmental policies and measures in our daily business operations to mitigate the Group’s impact on the environment.

The Group also pays a high level of attention to indicators of energy usage and emission. Although the Group is not involved in any manufacturing activities, it adheres to low-carbon travel without hindering the efficient operations of the Group. Employees shall strictly comply with the specifications of travel allowance claim under the daily expense standards. Based on the principles of efficiency and conservation, the Group encourages our employees to choose low-carbon and efficient means of transportation, such as MTR and other public transport. The Group also encourages employees to travel together and take the same flight to allow pick-up in one go and conserve energy.

Adhering to the policies of efficient use of energy, water and other resources, the Group endorses conservation of energy and resources in daily operations. The Group posts energy-saving reminder notices at light switches and other conspicuous areas as one of the measures for energy conservation. The Group advocates the Energy Saving Charter on Indoor Temperature and maintains an average indoor temperature of our offices between 24°C to 26°C during summer time to save energy; uses LED lights included in the Voluntary Energy Efficiency Labelling Scheme launched by the Electrical and Mechanical Services Department of Hong Kong; selects energy-efficient appliances (e.g. refrigerators, air-conditioners); requests employees to switch off the office lights when they are off work; encourages reuse of stationery, such as old envelopes and folders; and promotes double-sided printing and reuse of paper for facsimile.

A comprehensive Environmental, Social and Governance Report (the “ESG Report”) will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) no later than three months after the publication of the annual report for the year ended 31 December 2019.

## **COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS**

During the Reporting Period, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws or regulations by the Group that has a material adverse impact on the business and operations of the Group.

## **CORPORATE GOVERNANCE**

During the year ended 31 December 2019, the Company has complied with the code provisions (the “Code Provisions”) as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange, except for the deviations disclosed below:

Under Code Provision A.1.3, notice of at least 14 days should be given of a regular board meeting to all Directors to give all Directors an opportunity to attend. During the Reporting Period, certain regular Board meetings were convened with less than 14 days’ notice to facilitate the Directors’ timely reaction and expeditious decision making process in respect of internal affairs of the Group. All Board meetings, nevertheless, were duly convened and held in the way prescribed by the bye-laws of the Company. The Board will use reasonable endeavour to meet the requirement of Code Provision A.1.3 in future.

Code Provision C.1.2 requires the management to provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. During the Reporting Period, the management provided updates to the Board. All the executive Directors were involved in the daily operation of the Group and were fully aware of the performance, position and prospects of the Company, and the management has provided to all other Directors half-yearly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail prior to the regular Board meetings. In addition, the management has provided all members of the Board, in a timely manner, updates on any material changes to the performance, position and prospects of the Company and sufficient background or explanatory information for matters brought before the Board. Therefore, the Company considers that all members of the Board have been given a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail. The Board will use reasonable endeavours to meet the requirement of this Code Provision C.1.2 in future.

Pursuant to Code Provision A.2.1, the roles of the Chairman and the Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Li Hang was the Chairman until 7 May 2019, on which he resigned as the non-executive Director and the Chairman, and was replaced by Mr. Wang Xiaodong. During the Reporting Period, Mr. Ji Kecheng was the CEO until 17 May 2019, on which he resigned as the executive Director and the CEO. Mr. Mei Weiyi ("Mr. Mei") was appointed as the CEO on 3 June 2019. As the roles of the Chairman and the CEO were separate and performed by different persons during the Reporting Period, the Company had complied with Code Provision A.2.1.

Since Mr. Mei's resignation as the CEO on 14 January 2020, the Company has been seeking suitable candidate to fill the vacancy of the CEO. Nevertheless, due to the Chinese New Year holidays and the current development of the COVID-19 epidemic, the Company has yet identified a suitable candidate. The Company will make announcement in relation to the appointment of new CEO as and when appropriate.

## **AUDIT COMMITTEE**

The audit committee of the Board (the “Audit Committee”) was established in accordance with the requirements of the Code for the purposes of, among others, reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee comprises four independent non-executive Directors. The Group’s consolidated results for the year ended 31 December 2019 have been reviewed by the Audit Committee.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2019 have been agreed by the Company’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code for securities transactions by the Directors. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code throughout the year ended 31 December 2019.

## **RELATIONSHIPS WITH STAKEHOLDERS**

The Group believes that the people-oriented talent management model is crucial to the long-term development of the Group. The Group attaches great importance to team building and talent introduction, and has always adhered to the principles of openness, equality, competition and selection to hire excellent talents. The Group's employee management focuses on recruiting and developing talents. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group's corporate strategy. The Group also understands that maintaining a good long-term relationship with business partners is one of its primary objectives. Accordingly, the management has used its best endeavours to maintain good communications, promptly exchanged ideas and shared business updates with them when appropriate. During the Reporting Period, there was no material or significant dispute between the Group and its business partners.

During the Reporting Period and up to the publication of this announcement, the Company's constitutional documents have not been amended.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the Listing Rules.

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

This announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.csfg.com.hk](http://www.csfg.com.hk)). The annual report for the year ended 31 December 2019 will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.csfg.com.hk](http://www.csfg.com.hk)) and also be dispatched to the shareholders of the Company in due course.

By Order of the Board

**China Shandong Hi-Speed Financial Group Limited**

**Wang Xiaodong**

*Chairman*

Hong Kong, 25 March 2020

*As at the date of this announcement, the Company has five executive directors, namely Mr. Wang Xiaodong, Mr. Liu Han, Ms. Liao Jianrong, Mr. Liu Zhijie and Mr. Liu Yao; three non-executive directors, namely Dr. Lam Lee G., Mr. Qiu Jianyang and Mr. Lo Man Tuen; and four independent non-executive directors, namely Mr. To Shing Chuen, Mr. Cheung Wing Ping, Mr. Guan Huanfei and Mr. Tan Yuexin.*

\* *for identification purpose only*