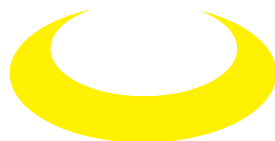


Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



CHINA CLOUD COPPER COMPANY LIMITED

中國雲銅股份有限公司

(formerly known as Asia Investment Finance Group Limited 亞投金融集團有限公司)

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 33)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

The board (the “Board”) of directors (the “Directors”) of China Cloud Copper Company Limited (the “Company”) would like to announce the unaudited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended December 31, 2019, together with the comparative figures for the year ended December 31, 2018. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended December 31, 2019 has not been completed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2019

	<i>Notes</i>	2019 HK\$’000 (Unaudited)	2018 HK\$’000 (Audited)
Revenue	2 & 3	137,797	66,933
Cost of sales and services		<u>(100,515)</u>	<u>(50,556)</u>
Gross profit		37,282	16,377
Other revenue and other net gain/(loss)	4	32,666	(9,821)
Operating expenses		<u>(81,209)</u>	<u>(86,657)</u>
Loss from operations		<u>(11,261)</u>	<u>(80,101)</u>

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Finance costs	5	(15,693)	(7,428)
Other non-operating expenses			
Gain on deregistration of a subsidiary		1,999	–
Share of profit/(loss) of an associate		5,396	(4,984)
Loss on disposal of an associate		–	(5,086)
Loss on disposal of subsidiaries		(335)	–
		7,060	(10,070)
Loss before impairment and taxation		(19,894)	(97,599)
Impairment loss on goodwill		(3,000)	–
Impairment loss on intangible assets		(18,388)	–
Impairment loss on interest in an associate		(8,861)	–
Impairment loss on loan receivables, net		(173,883)	(13,707)
Impairment loss on trade receivables, net		(15,497)	(1,308)
(Impairment loss)/reversal of impairment loss on other receivables, net		(75,524)	9,715
		(295,153)	(5,300)
Loss before tax	6	(315,047)	(102,899)
Income tax expense	7	(1,973)	(432)
Loss for the year		(317,020)	(103,331)

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Audited)
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
Release of translation reserve upon disposal of foreign subsidiaries		(701)	–
Exchange differences on translating financial statements of:			
— subsidiaries		(478)	(7,249)
— associate		(417)	(750)
		(895)	(7,999)
		(1,596)	(7,999)
Total comprehensive loss for the year		(318,616)	(111,330)
Loss for the year attributable to:			
Equity shareholders of the Company		(322,787)	(103,031)
Non-controlling interests		5,767	(300)
		(317,020)	(103,331)
Total comprehensive loss for the year attributable to:			
Equity shareholders of the Company		(323,998)	(110,864)
Non-controlling interests		5,382	(466)
		(318,616)	(111,330)
Dividends	8	N/A	N/A
Loss per share	9		(Restated)
— Basic		HK34.52 cents	HK11.05 cents
— Diluted		HK34.52 cents	HK11.05 cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	<i>Notes</i>	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment		17,576	24,816
Right-of-use assets		4,764	–
Intangible assets		21,332	45,388
Deposit paid		400	400
Loan receivables	10	–	62,929
Goodwill		40,251	43,528
Contingent consideration receivables		13,676	5,830
Interest in an associate		37,500	41,382
		135,499	224,273
Current assets			
Inventories		–	3,786
Financial assets at fair value through profit or loss		3,981	1,201
Loan receivables	10	–	111,128
Trade receivables	11	21,504	19,185
Prepayments, deposits and other receivables		59,811	136,437
Contingent consideration receivables		18,684	–
Tax recoverable		294	130
Client trust bank balance		1,924	3,229
Cash and cash equivalents		16,723	22,910
		122,921	298,006
Total Assets		258,420	522,279
Capital and reserves			
Share capital	12	938	932,717
Reserves		(53,038)	(666,797)
		(52,100)	265,920
Equity attributable to shareholders of the Company		(52,100)	265,920
Non-controlling interests		31,486	26,698
		(20,614)	292,618
Total Equity		(20,614)	292,618
Non-current liabilities			
Convertible bonds	15	52,890	45,600
Lease liabilities		733	–
Deferred tax liabilities		5,333	6,750
		58,956	52,350

	<i>Notes</i>	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Current liabilities			
Trade payables	<i>13</i>	6,787	6,483
Accruals and other payables		61,044	57,272
Lease liabilities		10,160	–
Other loan		18,594	13,000
Convertible bonds	<i>15</i>	108,601	99,095
Tax payables		5,444	1,461
Provisions	<i>14</i>	9,448	–
		<u>220,078</u>	<u>177,311</u>
Total Equity and Liabilities		<u>258,420</u>	<u>522,279</u>
Net current (liabilities)/assets		(97,157)	120,695
Total assets less current liabilities		<u>38,342</u>	<u>344,968</u>

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting year of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this announcement.

(b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2019 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern basis

As at December 31, 2019, the Group had net current liabilities of approximately HK\$97,157,000 and incurred net loss of approximately HK\$317,020,000 during the year, indicating the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

Having considered (i) the loans from Mr. Ng Yu (the chairman, executive director and the substantial shareholder of the Company) of HK\$30,000,000 received in January and February 2020 which are repayable on demand, (ii) net proceeds from placing of new shares of HK\$17,855,000 to be received by April 20, 2020 upon fulfilling the condition precedent of the placement (note 16), (iii) the undertaking by the bondholder (which Mr. Ng Yu is the beneficial owner) to extend the maturity of convertible bonds by two years (note 15 and 16) and (iv) the cash flow projections for the 18 months ending June 30, 2021 prepared by the management, the directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

(c) **Changes in accounting policies and disclosures**

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

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

Except as described below, the application of the new HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS16 Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from January 1, 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at January 1, 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after January 1, 2019. For contracts entered into before January 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. January 1, 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at January 1, 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.13%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before December 31, 2019;

The following table reconciles the operating lease commitments as disclosed as at December 31, 2018 to the opening balance for lease liabilities recognised as at January 1, 2019:

	January 1, 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at December 31, 2018	16,643
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before December 31, 2019	<u>(5,443)</u>
	11,200
Weighted average incremental borrowing rate as at January 1, 2019	<u>8.13%</u>
Lease liabilities as at January 1, 2019	<u><u>10,646</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. There is no impact on the opening balance of equity.

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

	<i>HK\$'000</i> (Unaudited)
Assets	
Increase in right-of-use assets	10,646
Liabilities	
Increase in lease liabilities	10,646
 <i>c. Impact on the financial result, segment results and cash flows of the Group</i>	

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

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

2. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has six (2018: six) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Securities brokerage and assets management
- Money lending business
- Credit guarantee and investment business
- Trading of party products
- Trading of metals and minerals
- Trading of security products and provision of security services

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represents the profit/(loss) earned by each segment without allocation of administrative expenses, certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operation segment:

Year ended December 31, 2019

	Securities brokerage and assets management HK\$'000 (Unaudited)	Money lending business HK\$'000 (Unaudited)	Credit guarantee and investment business HK\$'000 (Unaudited)	Trading of party products HK\$'000 (Unaudited)	Trading of metals and minerals HK\$'000 (Unaudited)	Trading of security products and provision of security services HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue								
Segment revenue	627	12,001	-	40,965	-	84,219	-	137,812
Inter-segment revenue	(15)	-	-	-	-	-	-	(15)
External sales	<u>612</u>	<u>12,001</u>	<u>-</u>	<u>40,965</u>	<u>-</u>	<u>84,219</u>	<u>-</u>	<u>137,797</u>
Result								
Segment results	<u>(7,386)</u>	<u>(212,745)</u>	<u>(18,816)</u>	<u>(4,125)</u>	<u>(325)</u>	<u>6,426</u>	<u>-</u>	<u>(236,971)</u>
Reconciliation:								
Bank interest income								18
Unallocated corporate expenses								(62,989)
Impairment loss on goodwill								(3,000)
Impairment loss on intangible assets								(18,388)
Impairment loss on interest in an associate								(8,861)
Fair value gain on contingent consideration receivables								26,530
Loss on convertible bonds restructure								(1,693)
Equity-settled share-based payment expense								(1,060)
Finance costs								(15,693)
Share of profit of an associate								5,396
Gain on deregistration of a subsidiary								1,999
Loss on disposal of subsidiaries								(335)
Loss before tax								(315,047)
Income tax expense								(1,973)
Loss for the year								<u>(317,020)</u>
Other segment information:								
Capital expenditure on property, plant and equipment	3	-	-	11	-	19	-	33
Depreciation	207	3	-	19	18	290	4,915	5,452
Impairment loss on loan receivables	-	173,659	224	-	-	-	-	173,883
Impairment loss on trade receivable	-	11,525	-	-	-	3,972	-	15,497
(Reversal of impairment loss)/ impairment loss on other receivables	-	-	24,166	-	1,263	(106)	50,201	75,524
Realised loss on disposal of financial assets at fair value through profit or loss	498	-	-	-	-	-	-	498
Unrealised loss/(gain) on fair value change in financial assets at fair value through profit or loss	<u>67</u>	<u>-</u>	<u>(380)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(313)</u>

Year ended December 31, 2018

	Securities brokerage and assets management <i>HK\$'000</i> (Audited)	Money lending business <i>HK\$'000</i> (Audited)	Credit guarantee and investment business <i>HK\$'000</i> (Audited)	Trading of party products <i>HK\$'000</i> (Audited)	Trading of metals and minerals <i>HK\$'000</i> (Audited)	Trading of security products and provision of security services <i>HK\$'000</i> (Audited)	Unallocated <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Revenue								
Segment revenue	1,237	12,514	212	51,479	–	1,517	–	66,959
Inter-segment revenue	(26)	–	–	–	–	–	–	(26)
External sales	<u>1,211</u>	<u>12,514</u>	<u>212</u>	<u>51,479</u>	<u>–</u>	<u>1,517</u>	<u>–</u>	<u>66,933</u>
Result								
Segment results	<u>(49,754)</u>	<u>(6,725)</u>	<u>5,604</u>	<u>(2,969)</u>	<u>(909)</u>	<u>(651)</u>	<u>–</u>	<u>(55,404)</u>
Reconciliation:								
Gain on convertible bonds restructure								6,542
Bank interest income								228
Unallocated corporate expenses								(21,619)
Equity-settled share-based payment expenses								(15,148)
Finance costs								(7,428)
Share of loss of an associate								(4,984)
Loss on disposal of an associate								<u>(5,086)</u>
Loss before tax								(102,899)
Income tax expense								<u>(432)</u>
Loss for the year								<u><u>(103,331)</u></u>
Other segment information:								
Capital expenditure of property, plant and equipment	–	–	–	124	–	–	–	124
Depreciation	5,391	3	265	584	17	15	–	6,275
Impairment loss on loan receivables	–	13,707	–	–	–	–	–	13,707
Impairment loss on trade receivable	–	862	446	–	–	–	–	1,308
(Reversal of impairment loss)/ impairment loss on other receivables	–	–	(13,008)	–	–	724	2,569	(9,715)
Realised loss on disposal of financial assets at fair value through profit or loss	30,936	–	–	–	–	–	–	30,936
Unrealised loss on fair value change in financial assets at fair value through profit or loss	<u>1,303</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,303</u>

(b) Segment Assets and Liabilities

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

Year ended December 31, 2019

	Securities brokerage and assets management <i>HK\$'000</i> (Unaudited)	Money lending business <i>HK\$'000</i> (Unaudited)	Credit guarantee and investment business <i>HK\$'000</i> (Unaudited)	Trading of party products <i>HK\$'000</i> (Unaudited)	Trading of metals and minerals <i>HK\$'000</i> (Unaudited)	Trading of security products and provision of security services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
ASSETS							
Segment assets	19,228	105	4,818	11,075	10,500	111,437	157,163
Bank balances and cash (including restricted cash)							18,647
Unallocated corporate assets							82,610
Consolidated total assets							<u>258,420</u>
LIABILITIES							
Segment liabilities	17,596	635	5,510	3,460	2,118	20,629	49,948
Unallocated corporate liabilities							229,086
Consolidated total liabilities							<u>279,034</u>

Year ended December 31, 2018

	Securities brokerage and assets management <i>HK\$'000</i> (Audited)	Money lending business <i>HK\$'000</i> (Audited)	Credit guarantee and investment business <i>HK\$'000</i> (Audited)	Trading of party products <i>HK\$'000</i> (Audited)	Trading of metals and minerals <i>HK\$'000</i> (Audited)	Trading of security products and provision of security services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
ASSETS							
Segment assets	53,924	174,762	25,191	14,325	11,799	104,662	384,663
Bank balances and cash (including restricted cash)							26,139
Unallocated corporate assets							111,477
Consolidated total assets							<u>522,279</u>
LIABILITIES							
Segment liabilities	8,747	599	5,560	5,821	2,112	22,027	44,866
Unallocated corporate liabilities							184,795
Consolidated total liabilities							<u>229,661</u>

(c) **Geographic information**

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	41,635	52,371
Mainland China	84,161	1,248
	<u>125,796</u>	<u>53,619</u>
Revenue from other sources		
Hong Kong	12,001	13,102
Mainland China	–	212
	<u>12,001</u>	<u>13,314</u>
Total	<u>137,797</u>	<u>66,933</u>

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interest in an associate ("Specified non-current assets"). The geographical location of the Specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment; the location of the operation to which they are allocated, in the case of intangible assets, and goodwill; and the location of operations, in the case of interest in an associate.

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Hong Kong	35,604	64,226
Mainland China	81,054	90,888
Total	<u>116,658</u>	<u>155,114</u>

- (d) Revenues from customers, which are all in the trading of security products and provisions of security services, contributing 10% or more of the total revenue of the Group are as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Customer A	<u>32,556</u>	<u>*_</u>

* The transactions with this customer did not contribute 10% or more of total revenue of the Group during the year ended December 31, 2018. Five customers amounted to HK\$47,421,000 from trading of party products business had contributed over 10% of the total revenue of the Group during the year ended December 31, 2018.

3. REVENUE

The principal activities of the Group are sales of party products, provision of brokerage and assets management service and trading of security products and provision of security services.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products or service lives is as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of party products	40,965	51,479
Brokerage commission income and assets management income (excluded interest income from cash and margin client)	76	623
Sales of security products	79,321	1,248
Provision of security service	4,898	269
	125,260	53,619
Revenue from other sources		
Credit guarantee service and investment income	–	212
Interest income from money lending business	12,001	12,514
Interest income from cash and margin client earned from brokerage commission income and assets management income	536	588
	12,537	13,314
Total	137,797	66,933
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	4,898	269
— At a point in time	120,362	53,350
	125,260	53,619

4. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Fair value loss on derivative financial assets	(1,546)	–
Fair value gain on contingent consideration receivables	26,530	–
(Loss)/gain on convertible bonds restructure (<i>note 15(a)</i>)	(1,693)	6,542
Net exchange gain	565	910
Unrealised gain/(loss) on fair value changes in financial assets at fair value through profit or loss	313	(1,303)
Realised loss on disposal of financial assets at fair value through profit or loss	(498)	(30,936)
Dividend income	–	159
Interest income	6,046	5,628
Sundry income	9,107	9,179
Written off of other receivables	(4,521)	–
Written off of property, plant and equipment	(1,637)	–
	<u>32,666</u>	<u>(9,821)</u>

5. FINANCE COSTS

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Interest on convertible bonds	14,000	6,513
Interest on lease liabilities	771	–
Interest on other borrowings	922	915
	<u>15,693</u>	<u>7,428</u>

6. LOSS BEFORE TAX

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

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Auditor's remuneration		
— Audit service	1,700	1,200
— Non-audit service	198	250
Cost of inventories included in cost of sales and services	98,095	50,422
Cost of service included in cost of sales and services	2,420	134
Amortisation of intangible assets	5,411	–
Depreciation		
— owned property, plant and equipment	5,452	6,275
— right-of-use asset*	11,078	–
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	13,658	25,435
— Contributions to defined contribution retirement plans	285	399
— Equity settled share-based payment expenses	1,060	14,756
Total minimum lease payments for leases previously classified as operating leases under HKAS17*	5,639	18,825
Equity settled share-based payment expenses to non-employees	–	392
Net exchange gain	(565)	(910)
Unrealised loss/(gain) on fair value changes in financial assets at fair value through profit or loss	(313)	1,303
Realised loss on disposal of financial assets at fair value through profit or loss	498	30,936

* The group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at January 1, 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at January 1, 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognizing rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1b.

7. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Current tax		
Hong Kong Profits Tax	10	432
PRC Income tax	3,316	–
	3,326	432
Deferred tax credit	(1,353)	–
Total income tax expense	1,973	432

The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2018.

The provision for PRC Income tax for 2019 is calculated at 25% of the estimated assessable profits for the year. No PRC income tax has been provided for the Group as the Group's subsidiaries in the PRC did not have any assessable profit for the year ended December 31, 2018.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is exempted from any income tax in the Cayman Islands and the BVI.

8. DIVIDENDS

The Board of the Company did not recommend any final dividend for the year ended December 31, 2019. No dividend was paid during the year (2018: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK\$322,787,000 (year ended December 31, 2018: HK\$103,031,000) and on the weighted average number of 934,985,803 (year ended December 31, 2018: 932,717,200 (as restated)) ordinary shares in issue during the year ended December 31, 2019.

The basic and diluted loss per share and weighted average number of ordinary shares for the year ended December 31, 2019 have been adjusted to reflect the impact of the Capital Reorganisation, as defined and further details in note 12 to this announcement which was effective on July 24, 2019.

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share during the years ended December 31, 2019 and 2018. Therefore, the diluted loss per share is same as basic loss per share during the years ended December 31, 2019 and 2018.

10. LOAN RECEIVABLES

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Loan receivables from money lending business	188,742	189,893
Less: Impairment (c)	(188,742)	(15,836)
	<u>–</u>	<u>174,057</u>
Representing:		
Current portion	–	111,128
Non-current portion	–	62,929
	<u>–</u>	<u>174,057</u>

- (a) At December 31, 2019, loan receivables bear interest at rates ranged from 5% to 17% per annum (2018: 5% to 17%), and with repayment terms, mutually agreed between the contracting parties. At December 31, 2019, the Group lent the loans to independent customers in total of HK\$188,742,000 (2018: HK\$189,893,000), of which HK\$17,245,000 (2018: HK\$12,000,000) was secured by a personal guarantee of a customer, HK\$83,618,000 (2018: HK\$83,618,000) was secured by unlisted equity shares of some PRC companies provided by the customers, HK\$66,187,000 (2018: 67,339,000) was secured by the customer's inventories and HK\$15,510,000 (2018: HK\$15,510,000) was secured by both trading securities and unlisted equity shares of a PRC company of a customer.
- (b) The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Repayable:		
Within 1 year	–	111,128
1 to 3 years	–	62,929
	<u>–</u>	<u>174,057</u>

- (c) Due to the COVID-19 coronavirus outbreak since January 2020, the financial information preparation, especially in the PRC operations, as well as the work of professional parties, mainly auditors and valuers, have been delayed. The auditing process for the annual results has not been completed at the date of issue of this announcement. Therefore, we cannot rule out the possibility that the impairment assessments may be adjusted after taking the advice of professional advisers during the course of the audit process.

11. TRADE RECEIVABLES

An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Within 30 days	7,660	10,970
31 to 60 days	2,820	1,786
61 to 90 days	1,844	3,576
Over 90 days	9,180	2,853
	21,504	19,185
Trade receivables from dealing in securities not past due	(2,731)	(4,247)
	18,773	14,938

12. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Authorized:		
Ordinary shares of HK\$0.1 each		
As at January 1, 2018, December 31, 2018 and January 1, 2019	100,000,000	10,000,000
Capital Reorganisation (<i>Note b</i>)	9,900,000,000	–
Ordinary shares of HK\$0.001 each		
As at December 31, 2019	10,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
As at January 1, 2018, December 31, 2018 and January 1, 2019	9,327,172	932,717
Issue of new shares	50,800	5,080
Capital Reorganisation (<i>Note b</i>)	(8,440,175)	(936,859)
Ordinary shares of HK\$0.001 each		
As at December 31, 2019	937,797	938

- (a) The Company has a share option scheme, under which the Company may grant options to any employee or director to subscribe for shares of the Company, up to a maximum of 10% of the issued share capital of the Company (absolute maximum number of share option: 93,779,720 (2018: 932,717,200 shares)). No share options were granted during the year (2018: 981,000,000) and there were 83,600,000 outstanding share options as at December 31, 2019 (2018: 876,000,000).
- (b) The Capital Reorganisation was approved by the Company's shareholders at an extraordinary general meeting of the Company on May 23, 2019 and completed on July 24, 2019. The number of authorised share capital of the Company was increased from 100,000 million Shares to 10,000,000 million consolidated shares and its authorised capital of HK\$10,000 million remained unchanged on the completion date of the Capital Reorganisation. The Company's issued share capital was reduced from HK\$937,797,200 divided into 9,377,972,000 Shares to HK\$937,797 divided into 937,797,200 consolidated shares on the completion date of the Capital Reorganisation.

The Capital Reorganisation comprises following:

- (i) the par value of each issued ordinary share of the Company of HK\$0.1 would be reduced to HK\$0.0001 by cancelling the paid-up share capital to the extent of HK\$0.0999 on each issued share (the “Capital Reduction”);
- (ii) immediately after the Capital Reduction becomes effective, each authorised but unissued Share will be sub-divided into 1,000 new ordinary shares of the Company of HK\$0.0001 each (the “Sub-division”); and
- (iii) Consolidation: immediately after the Capital Reduction and Sub-division become effective, the New Shares would be consolidated on the basis that every 10 issued and unissued New Shares of HK\$0.0001 each will be consolidated into one new ordinary shares of the Company of HK\$0.001 each (“Consolidated Share”).

A credit of approximately HK\$936,859,000 arising from the Capital Reduction was transferred to the share premium account of the Company. Details are set out in the Company’s circular dated April 29, 2019 and its announcement dated April 4, 2019, May 23, 2019 and July 24, 2019.

- (c) On March 18, 2019, the Company and four subscribers entered into the subscription agreements to issue a total of 300,000,000 new shares of HK\$0.1 each. Subsequently, the Company entered into a termination agreement to terminate issuance of 100,000,000 shares with immediate effect on July 15, 2019. On the same date, the Company entered into supplemental agreements with each of remaining three subscribers to reduce issuance of shares from 200,000,000 shares to 50,800,000 shares. On July 22, 2019, 50,800,000 Shares of HK\$0.1 were allotted and issued to the three subscribers, giving rise to a gross proceeds of approximately HK\$5,080,000. Details are set out in the Company’s announcement dated March 18, 2019, July 15, 2019, July 17, 2019 and July 22, 2019.

13. TRADE PAYABLES

The ageing analysis of trade payables arising from trading of security products and trading of party products is as follows:

	2019 <i>HK\$’000</i> (Unaudited)	2018 <i>HK\$’000</i> (Audited)
0 to 30 days	4,720	5,460
31 to 60 days	–	530
61 to 90 days	–	268
Over 90 days	2,067	225
	<u>6,787</u>	<u>6,483</u>

The trade payables arising from trading of security products and trading of party products are non-interest bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

14. PROVISIONS

	2019 HK\$'000 (Unaudited)	2018 <i>HK\$'000</i> (Audited)
Provision for litigation claim		
At January 1, 2019	–	–
Additional provision made	9,448	–
At December 31, 2019	<u>9,448</u>	<u>–</u>

As described in section ‘Charge of Assets’ under Management Discussion and Analysis, provision was made by the Group for the best estimate of the expected legal claim. The amount of provision takes into account the outstanding fees and expenses claimed by Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service).

15. CONVERTIBLE BONDS

		2019 (Unaudited)			2018 (Audited)		
	<i>Note</i>	Liability portion <i>HK\$'000</i>	Equity portion <i>HK\$'000</i>	Total <i>HK\$'000</i>	Liability portion <i>HK\$'000</i>	Equity portion <i>HK\$'000</i>	Total <i>HK\$'000</i>
2019 Convertible Bonds	(a)	–	–	–	99,095	12,663	111,758
2020 Convertible Bonds	(a)	108,601	1,493	110,094	–	–	–
2021 Convertible Bonds	(b)	52,890	24,400	77,290	45,600	24,400	70,000
At December 31		<u>161,491</u>	<u>25,893</u>	<u>187,384</u>	<u>144,695</u>	<u>37,063</u>	<u>181,758</u>
Representing:							
Current liabilities		<u>108,601</u>	<u>–</u>	<u>108,601</u>	<u>99,095</u>	<u>–</u>	<u>99,095</u>
Non-current liabilities		<u>52,890</u>	<u>–</u>	<u>52,890</u>	<u>45,600</u>	<u>–</u>	<u>45,600</u>
Convertible bonds reserve		<u>–</u>	<u>25,893</u>	<u>25,893</u>	<u>–</u>	<u>37,063</u>	<u>37,063</u>

- (a) On February 18, 2016, the Company issued two-year unsecured convertible bond at 0% coupon rate in the principal amount of HK\$100,000,000 to the sole bondholder (the ‘‘Original Bondholder’’) which is a company previously wholly-owned by Ms. Cheung Kwan (the previous chairlady, previous executive director and previous substantial shareholder of the Company). The Original Bondholder is entitled to convert the convertible bonds into ordinary shares of the Company at a conversion price HK\$0.1 per share at any time prior to the maturity date. The Company will be entitled to early redeem the outstanding convertible bonds at any time prior to the maturity date at 103% of the principal amount (‘‘Early Redemption Option’’) and to give notice to the Original Bondholder at any time within 5 business days prior to the maturity date to require mandatory conversion of all outstanding convertible bonds (‘‘Mandatory Conversion Option’’). On January 10, 2018, the Company and the Original Bondholder entered into a deed of variation for the extension of the maturity date of the convertible bonds in the principal amount of HK\$100,000,000 for one year to February 18, 2019 (the ‘‘2019

Convertible Bonds”) (the “Extended Maturity Date”). Save as disclosed above, other terms and conditions of the convertible bonds remain unchanged. The Extended Maturity Date of the 2019 Convertible Bonds was approved by the shareholders at the Company’s extraordinary general meeting on March 20, 2018 and carried into effect on March 29, 2018. The Extended Maturity Date of the 2019 Convertible Bonds was considered not to be a substantial modification of terms of the convertible bonds. The Group recognised the gain on convertible bonds restructure of HK\$6,542,000 in other revenue and other net gain/(loss) during the year ended December 31, 2018.

On February 18, 2019, the Company and the Original Bondholder entered into a deed of variation, pursuant to which both parties agreed that, subject to fulfillment of condition precedent, (i) the maturity date of the 2019 Convertible Bonds in the principal amount of HK\$100,000,000 was extended from February 18, 2019 to February 18, 2020; (ii) the 2019 Convertible Bonds bear interest at the rate of 5% per annum commencing from February 18, 2019; and (iii) the principal amount of the relevant deed poll and the deed of variation dated February 18, 2016 and January 10, 2018 respectively executed by the Company and the Original Bondholder (the “Instrument”) creating the 2019 Convertible Bonds increased from HK\$100,000,000 to HK\$105,000,000 (the “2020 Convertible Bonds”) and the Company would issue additional convertible bonds in the principal amount of HK\$5 million to the Original Bondholder free of payment (the “Convertible Bonds Restructure”). Save as disclosed above, other terms and conditions of the 2019 Convertible Bonds remain unchanged. The Convertible Bonds Restructure was approved by the shareholders at the Company’s extraordinary general meeting on June 18, 2019 and completed on June 25, 2019. Details of the Convertible Bonds Restructure are set out in the Company’s circular to shareholders on May 20, 2019 and announcements on February 18, 2019, June 18, 2019 and June 25, 2019.

The amendments to the terms and conditions of the 2020 Convertible Bonds under the Convertible Bonds Restructure are considered to be substantial modification of terms and conditions of the 2019 Convertible Bonds. Accordingly, the 2019 Convertible Bonds have been accounted for as extinguishment and the 2020 Convertible Bonds have been recognised upon the completion of the Convertible Bonds Restructure on June 25, 2019. The Group recognised a loss of the Convertible Bonds Restructure of HK\$1,693,000 during the year. The Group recognised the liability component and derivatives of the 2020 Convertible Bonds on June 25, 2019 which were determined based on the valuations performed by an independent firm of professional valuers with recognised qualifications and experiences using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option and Binomial option pricing model, respectively. The effective interest rate of the liability component is 11% per annum. The derivatives of the 2020 Convertible Bonds include Early Redemption Option and Mandatory Conversion Option, both options are interdependent.

The conversion price of 2020 Convertible Bonds was adjusted from HK\$0.1 per Share to HK\$1.0 per Consolidated Share with effect from July 24, 2019. The maximum number of Shares that will be issued upon conversion of all the outstanding 2020 Convertible Bonds at the adjusted conversion price of HK\$1.00 is 105,000,000 Shares. Details of the adjustments of the conversion price of the 2020 Convertible Bonds are set out in the Company’s announcement on July 24, 2019.

On November 6, 2019, the 2020 Convertible Bonds with the principal amount of HK\$100,000,000 was transferred to Neo Tech. Inc. (the “New Bondholder”) whereas Mr. Ng Yu, the chairman, executive director and the substantial shareholder of the Company, is the beneficial owner.

On March 25, 2020, the New Bondholder made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the 2020 Convertible Bonds with principal amount of HK\$100,000,000 from February 18, 2020 to February 18, 2022, subject to approval from independent shareholders of the Company and the Stock Exchange of Hong Kong Limited. The New Bondholder represented that it will not make any claims against the Company on the overdue of the convertible bonds.

The 2019 Convertible Bonds	Liability Portion HK\$'000 (Unaudited)	Equity Portion HK\$'000 (Unaudited)	Derivative Financial Assets Total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At December 31, 2018 and January 1, 2019	99,095	12,663	–	111,758
Interest charged to consolidated statement of profit or loss	905	–	–	905
Extinguishment upon completion of the convertible Bonds Restructure	(100,000)	(12,663)	–	(112,663)
At December 31, 2019	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

The 2020 Convertible Bonds	Liability Portion HK\$'000 (Unaudited)	Equity Portion HK\$'000 (Unaudited)	Derivative Financial Assets Total HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At June 25, 2019	102,796	1,493	(1,546)	102,743
Interest charged to consolidated statement of profit or loss	5,805	–	–	5,805
Fair value change	–	–	1,546	1,546
At December 31, 2019	<u>108,601</u>	<u>1,493</u>	<u>–</u>	<u>110,094</u>

Notes:

- (i) Loss on the convertible bonds restructure

	Carrying amount of the 2019 Convertible Bonds HK\$'000 (Unaudited)	Cash paid for the Convertible Bonds Restructure HK\$'000 (Unaudited)	Fair value of the 2020 Convertible Bonds HK\$'000 (Unaudited)	Loss on the Convertible Bonds Restructure HK\$'000 (Unaudited)	Equity component transferred to accumulated loss HK\$'000 (Unaudited)
Liability component	100,000	443	102,796	(3,239)	–
Derivative financial assets	–	–	(1,546)	1,546	–
Equity component	12,663	56	1,493	–	11,114
	<u>112,663</u>	<u>499</u>	<u>102,743</u>	<u>(1,693)</u>	<u>11,114</u>

(ii) Cash paid for the Convertible bond restructure:

	<i>HK\$'000</i>
	(Unaudited)
Cash payment	–
Transaction costs	499
	<u>499</u>

(iii) As at June 25, 2019 and December 31, 2019, the following assumptions are used to calculate the fair values of the derivatives of the 2020 Convertible Bonds based on a valuation performed by an independent firm of professional valuers with recognised qualifications and experiences using the Binominal option pricing model method:

	At June 25, 2019	At December 31, 2019
Share price (HK\$)	0.037	0.116
Conversion price (HK\$)	0.10	1.00
Expected remaining life of the convertible bonds (years)	0.65	0.13
Expected volatility (%)	88.16	65.69
Risk free rate (%)	1.75	2.53
Expected dividend yield (%)	0	0
Discount rate (%)	<u>11.29</u>	<u>14.61</u>

(b) On December 17, 2018, the Company issued convertible bonds in the principal amount of HK\$70 million (“the 2021 Convertible Bonds”) as consideration for the acquisition of two subsidiaries (the “Acquired Group”), details of the acquisition of the subsidiaries are set out in the Company’s financial statements for the year ended December 31, 2018. The 2021 Convertible Bonds include three tranches of principal amount of HK\$8.75 million, HK\$26.25 million and HK\$35 million respectively which are convertible from the date of settlement of the Compensation for each of the years ended/ending December 31, 2018, 2019 and 2020 (“the Relevant Years”) (details refer to the following paragraph) until maturity date. The vendors of the Acquired Group (“the Vendors”) guaranteed that the combined audited consolidated profit after tax (excluding extraordinary and exceptional items) (the “Guarantee Profit”) of the Acquired Group under the HKFRSs (the “Net Profit of Each of the Relevant Years”) shall be not less than HK\$10 million, HK\$30 million and HK\$40 million for each of the three years ended/ending December 31, 2018, 2019 and 2020 respectively (the “Guarantee Profit of Each of the Relevant Years”), failing which the Vendors shall pay the compensation (the “Compensation”) to the Group to be calculated as follows:

The Consideration x (the Guaranteed Profit of the Each of the Relevant Years – the Net Profit of Each of the Relevant Years)/the Guaranteed Profit of the Each of the Relevant Years

The Vendors and the Group shall procure the auditor nominated by the Group to complete the audited financial statements of the Acquired Group for each of the year ended/ending December 31, 2018, 2019 and 2020 within 3 months after the end of the Relevant Years or any other date as agreed between the Vendors and the Group. The Compensation (if any) shall be paid by the Vendors to the Group within 7 business days after determination of the Net Profit of Each of the Relevant Years. The Vendors shall be entitled to elect to pay the Compensation in cash or by way of set off against an equivalent principal amount of the convertible bonds. Based on the audited financial statements of the Acquired Group issued on August 27, 2019, the combined audited consolidated profit after tax (excluding extraordinary items and exceptional items) of the Acquired Group under HKFRSs for the

year ended December 31, 2018 was approximately HK\$11 million which was not less the Guaranteed Profit for the year ended December 31, 2018 of HK\$10 million. Accordingly, no Compensation was required to be paid by the Vendors to the Group in relation to the Guarantee Profit for the year ended December 31, 2018.

The 2021 Convertible Bonds do not bear interest and will be mature on the third anniversary of the date of issue with conversion price of HK\$0.1 per share. At the date of issue of the 2021 Convertible Bonds, the fair value of the liability component of the 2021 Convertible Bonds were determined based on a valuation performed by an independent valuer using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the liability component is 15.4% per annum.

The conversion price of 2021 Convertible Bonds was adjusted from HK\$0.1 per Share to HK\$1.0 per Consolidated Share with effect from July 24, 2019. The maximum number of Shares that will be issued upon conversion of all the outstanding 2020 Convertible Bonds at the adjusted conversion price of HK\$1.00 is 70,000,000 Shares. Details of the adjustments of the conversion price of the 2020 Convertible Bonds are set out in the Company's announcement on July 24, 2019.

The 2021 Convertible Bonds	Liability Portion HK\$'000 (Unaudited)
At December 31, 2018 and January 1, 2019	45,600
Interest charged to consolidated statement of profit or loss	7,290
	<hr/>
At December 31, 2019	<u>52,890</u>

No new shares of the Company were issued upon exercise of the 2019 convertible Bonds, 2020 Convertible Bonds and 2021 Convertible Bonds during the reporting period.

16. EVENTS AFTER THE REPORTING PERIOD

The Group had the following significant events subsequent to the end of the reporting period and up to the date of this announcement:

Default under a loan agreement

In December 2019, 亞投匯金(北京)資產管理公司 as borrower (the "Borrower"), a subsidiary of the Company, entered into a loan agreement with 蘇州鑫元啟網絡信息有限公司 as lender (the "Lender"), pursuant to which (i) the Lender agreed to grant to the Borrower a loan in the principal amount of RMB5,000,000 (the "Loan") at an interest rate of 2% per month for a term of one month; and (ii) the Borrower agreed to provide, as security of the Loan and in favour of the Lender, the share pledge over the 51% equity interests in 德威可信(北京)科技有限公司 held by the Borrower. As the Borrower failed to repay the Loan on the maturity date, the Lender enforced its rights as a pledgee under the share pledge and acquired 51% equity interests in 德威可信(北京)科技有限公司 on January 3, 2020. As a result, 德威可信(北京)科技有限公司 ceased to be a subsidiary of the Company.

Placing of new shares

On February 26, 2020, the Company and Nerico Brothers Limited (the “Placing Agent”) entered into agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on the best effort basis, of up to 181,463,440 shares, to not less than 6 independent third parties at a price of HK\$0.1 per share. On March 17, 2020, the Company and the Placing Agent entered into a supplemental agreement to extend the date for fulfilling the condition precedent of the placement to April 20, 2020. The directors intend to use net proceeds of approximately HK\$17,855,000 as working capital of the Group.

Irrevocable undertaking on extension of 2020 Convertible Bonds

On March 25, 2020, the New Bondholder made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the 2020 Convertible Bonds with the principal amount of HK\$100,000,000 from February 18, 2020 to February 18, 2022 subject to approval from independent shareholders of the Company and the Stock Exchange of Hong Kong Limited. The New Bondholder represented that it will not make any claims against the Company on the overdue of the convertible bonds.

The assessment of the impact of the novel coronavirus

Since January 2020, the COVID-19 coronavirus outbreak has impacted the global business environment. Up to the date of this announcement, the COVID-19 coronavirus outbreak has resulted in material adverse impact to the Group’s revenue due to the worsen economic atmosphere in PRC and globally, and the downtrend is expected to be continue for the rest of the first quarter or even the first half of 2020. The COVID-19 coronavirus outbreak is expected to adversely impact the business performance of the Group but the actual impact has yet to be quantified. The Group will continue to monitor the development of the COVID-19 coronavirus outbreak and react actively to its impact on the financial position and operating results of the Group. Up to the date of issue of this announcement, the assessment is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year ended December 31, 2019 (the “Current Year”), the Group has continued its diversified businesses and its principal activities included securities brokerage and asset management, money lending business, credit guarantee and investment business, trading of party products, and trading of security products and provision of security services.

Securities Brokerage and Assets Management

The Group’s revenue for securities brokerage and asset management decreased to HK\$0.61 million in the Current Year (2018: HK\$1.21 million). The decrease was attributable to the fall of the stock market in Hong Kong in the Current Year. The businesses were at its full scale of operation and the Group will seek for business opportunities for local and cross-border expansion. The licenses were currently suspended due to shortage of fund and the level of fund in fact fall below the Securities and Futures (Financial Resources) Rules requirement. The licenses are under resumption process and expected to be resumed in mid of 2020.

Money Lending Business

Due to social unrest in Hong Kong during the second half of 2019 and the outbreak of COVID-19 coronavirus since January 2020, the Group’s money lending business was slightly affected. The Group maintain strong credit quality and credit risk management to generate a stable income stream for the Group. The Group’s interest income from money lending business slightly decreased to HK\$12 million (2018: HK\$12.51 million) in the Current Year.

Credit Guarantee and Investment Business

During the year, the license (“中華人民共和國融資性擔保機構經營許可證”) necessary for the operation of the credit guarantee and investment business was terminated due to limited resources. The management intends to reapply the license for future business development when relevant resources and expertise are collaborated.

Trading of Party Products Business

The trading of party products of the Group include the trading of party accessories, decorations, cutlery and eatery wares from suppliers. The Group provided touch-ups to such products which includes but not limited to adding festive elements to such products. The final products are sold to customers in Hong Kong and North America.

The Group’s revenue of trading of party products was HK\$40.96 million (2018: HK\$51.48 million). The competition in trading of party products industry is keen and the demand of party products has continuously decreased in recent years which resulted in a decrease in the Group’s revenue during the Current Year.

Trading of Security Products and Provision of Security Services

The Group has completed the acquisitions of two subsidiaries and commenced trading of security products and provision of security services in HK and the PRC since December 2018. During the Current Year, the Group's revenue from this business was HK\$84.22 million (2018: HK\$1.52 million).

Financial Review

Revenue and Results

During the Current Year, the Group's total revenue was HK\$137.80 million, representing an increase of 106% as compared to HK\$66.93 million for the year ended December 31, 2018 (the "Last Year"). The increase in total revenue was mainly attributable to the increase in revenue of trading of security products and provision of security services to HK\$84.22 million during the Current Year (2018: HK\$1.52 million), further details are set out in the above paragraphs "Trading of Security Products and Provision of Security Services" under the section headed "Business Review".

The Group's gross profit in the Current Year was HK\$37.28 million, representing an increase by 128%, as compared to HK\$16.38 million of the Last Year. The increase in gross profit was mainly due to the profit contribution of trading of security products and provision of security services. The gross profit margin in the Current year was 27% (2018: 24%). The increase in gross profit margin during the Current Year is attributable to the followings the Group's trading of security products contributed approximately 61% of the Group's total revenue, and had a gross profit margin of 29%.

The Group's net loss attributable to equity shareholders of the Company for the Current Year increased by 213% to HK\$322.79 million for the Current Year as compared to HK\$103.03 million in the Last Year. The increase in loss for the Current Year was mainly attributable to: (i) the impairment loss on goodwill and intangible asset of approximately HK\$21.39 million; (ii) the impairment loss on interest in an associate of approximately HK\$8.86 million; and (iii) impairment loss of approximately HK\$264.90 million on loan receivables, trade receivables and other receivables of the Group as their recoverability was severely undermined by the social unrest in Hong Kong in 2019 and the outbreak of COVID-19 coronavirus throughout the world since January 2020.

During the Current Year, the loss per share of the Company was HK34.52 cents (2018: 11.05 cents).

Details of the financial review of respective businesses of the Group are set out in above section headed "Business Review" in the Management Discussion and Analysis.

Operating Expenses

The Group's operating expenses decreased to HK\$81.21 million in the Current Year as compared to HK\$86.66 million in the Last Year. The Group continued to restructure and optimise its businesses during the Current Year and to impose effective control to save operating expenses.

Finance Costs

Finance costs during the Current Year were HK\$15.69 million (2018: HK\$7.43 million).

Impairment Losses on Loan Receivables and Trade and Other Receivables

The Group recorded the impairment losses on loan receivables and trade receivables of HK\$173.88 million (2018: HK\$13.71 million) and HK\$15.50 million (2018: HK\$1.31 million) respectively and impairment loss on other receivables (net) of HK\$75.52 million (2018: reversal of HK\$9.72 million), in total of HK\$264.90 million (2018: HK\$5.3 million) during the Current Year.

Liquidity and Financial Resources

As at December 31, 2019, net current liabilities were HK\$97.16 million (2018: HK\$120.69 million). The Group's current ratio was 0.55 (2018: 1.68). The decrease in current ratio was mainly attributable from the decrease of the Group's loan receivables to zero (2018: HK\$111.13 million) during the year. The Group's gearing ratio was calculated as net debts divided by total equity plus net debts. The Group's net debts include convertible bonds and other loan less cash and bank balances. As at December 31, 2019, the Group's gearing ratio was 149% (2018: 34%).

As at December 31, 2019, the Group has other loan which was unsecured and would will be repayable within one year with fixed interest rate of 5%. Save as disclosed above, the Group did not have any other bank and other borrowings. There is no significant seasonality of bank and other borrowings demand of the Group. As at December 31, 2019, the Group had cash and bank balances of HK\$16.72 million (2018: HK\$22.91 million). The cash and bank balances were denominated in HK dollar, Renminbi and US dollar. The Group has no structured investment products and foreign exchange contracts. The Group is not exposed to material fluctuations in exchange rates.

It is the Group's policy to adopt a prudent financial management strategy and maintain a suitable level of liquidity and banking facilities to meet operation requirements and acquisition opportunities.

Capital Structure

As at December 31, 2019, the authorised share capital of the Company was HK\$10,000,000,000 divided into 10,000,000,000,000 shares of HK\$0.001 each, and the issued share capital of the Company was HK\$937,797 divided into 937,797,200 shares of HK\$0.001 each.

During the year, the Company has entered into a deed of variation for the extension of the conversion period and the maturity date of the convertible bonds of principal amount of HK\$105 million. Details are set out note 15 in this announcement. No share options and convertible bonds of the Company were exercised during the Current Year.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher returns to the shareholders of the Company that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Mergers, Acquisitions and Disposal

The Group did not have any merger, acquisition or disposal during the year.

Significant Investments

The Group did not have any significant investments during the year.

Charge of Assets

As at December 31, 2019, the Group did not have any charge of assets except the followings:

- (i) During the year, Market Speed Limited took out a claim against AIF Happy Services Limited (“AIF”) for, inter alia, outstanding fees and expenses in respect of a vessel named “亞投金融” (the “Vessel”) held by AIF at the High Court of Hong Kong under Action No.: HCA 236 of 2019.

On July 3, 2019, Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service) took out an action in rem under the Admiralty Jurisdiction of the High Court for arrest of the Vessel under Action No.: HCAJ 69 of 2019. By a Court Order dated 16 August 2019, the Vessel was arrested by the Chief Bailiff of Hong Kong. As such, the Vessel is no longer under the possession of AIF. On December 31, 2019, an order to sell the Vessel by public tender was granted.

As at the date hereof, the Company is not aware that any notices seeking tenders for the purchase of the Vessel have been advertised.

The above constitutes a legal charge of the Vessel.

As at December 31, 2019, the carrying value of the vessel is HK\$16,875,000 (2018: HK\$19,575,000).

- (ii) In December 2019, 亞投匯金(北京)資產管理公司 as borrower (the “Borrower”), a subsidiary of the Company, entered into a loan agreement with 蘇州鑫元啟網絡信息有限公司 as lender (the “Lender”), pursuant to which (i) the Lender agreed to grant to the Borrower a loan in the principal amount of RMB5,000,000 (the “Loan”) at an interest rate of 2% per month for a term of one month; and (ii) the Borrower agreed to provide, as security of the Loan and in favour of the Lender, the share pledge over the 51% equity interests in 德威可信(北京)科技有限公司 (the “Equity Pledge”) held by the Borrower.

As at December 31, 2019, the net assets value of the Equity Pledge amounted to approximately HK\$8.15 million, subject to the final audit of 德威可信(北京)科技有限公司.

Contingent Liabilities

As at December 31, 2019, the Group did not have any material contingent liabilities.

Foreign Currency Risk

The Group’s main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in HKD and RMB. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the year as the management considered that the Group’s exposure to exchange rate risk could be managed.

Human Resources

As at December 31, 2019, the Group had 27 employees (December 31, 2018: 55 employees). It is the Group’s policy to recruit the right person for each position based on the person’s qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

Prospects

Integrated Financial Platform of Licensed Corporations

The Group is an integrated financial platform which provides one-stop services including securities, funds and assets management, credit guarantees, money lending, and investments and trading. The Group has licences for Type 1 (Dealing in securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on securities), Type 5 (Advising on Futures Contracts) licences and Type 9 (Asset management) regulated activities under the Securities and Futures Ordinance (“SFO”). The integrated financial service platform of licensed corporation under the SFO commenced its full operations in the Current Year and the Group will continue to expand our client foundation, diversify assets management service base and increase revenue.

Exploration of New Business Development

The Group will continue to look for new investment and development opportunities for its financial services business. In 2020, we will focus on developing Fintech business. Fintech have grabbed the spotlight in e-commerce, payment networks, online lending, money transfers, business-to-business payments, personal finance and banking. However, worries that COVID-19 coronavirus could become an epidemic significantly slowed down the global economy and rocked stock markets. The Group will keep continuous attention on the situation of COVID-19 coronavirus assess and react actively to its impact on the financial and operating position.

The Group is planned to apply licenses on Type 3 (Leveraged foreign exchange trading) regulated activities under SFO. Upon succession, the Group will start buying or selling foreign exchange business for clients on a margin basis. We target to provide a variety of exceptional services relating to online based international financial markets, connecting client with ease to the foreign exchange world. The Group will give each of our clients the chance to use innovative online trading portal to view live trading information, a variety of investing tool and resources that help clients with private and institutional trading.

The Group will keep on exploring any business opportunities which are beneficial to its shareholders as a whole, including but not limited to Fintech business, financial services, credit guarantees, money lending, etc.

Events After Reporting Period

Details of the Group's events after the reporting period are set out in note 16 in this results announcement.

Final Dividends

The Board of the Company did not recommend any final dividend for the current year (2018: Nil).

OTHER INFORMATION

Change of Company name

Pursuant to a special resolution passed at an extraordinary general meeting by the Company's shareholders on 18 June 2019, the name of the Company changed from Asia Investment Finance Group Limited (亞投金融集團有限公司) to China Cloud Copper Company Limited (中國雲銅股份有限公司) with effect from June 20, 2019.

Purchase, Sales or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Current Year.

Compliance with Code on Corporate Governance Practices (the “CG Code”)

For the year ended December 31, 2019, the Company has complied with the code provisions set out in the CG Code as set out in Appendix 14 of the Listing Rules except the following.

Under A.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. Since January 10, 2011, the Company has not had any Chief Executive Officer. The functions of Chief Executive Officer were performed by the Executive Committee. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company’s operation and business development.

Code provision A.6.7 of the Code requires that Independent Non-executive Directors and other Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Three Independent Non-executive Directors did not attend the extraordinary general meeting held on May 23, 2019 and June 18, 2019 and two Independent Non-executive Directors did not attend the annual general meeting held on June 18, 2019 due to their other business engagements.

The office of company secretary had been vacated since Mr. Tsang King Sun’s resignation as company secretary of the Company during the period from July 8, 2019 to December 22, 2019. The Company therefore was not in compliance with Code Provision F.1.4 of the CG Code.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules regarding directors’ securities since its listing on November 19, 2007. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the Current Year.

Employees and Remuneration Policies

The remuneration policy of the employees of the Group is set up by the remuneration committee of the Company (the “Remuneration Committee”) on the basis of the merits, qualifications and competence of employees. The emoluments of the Directors are decided by the Remuneration Committee with regard to the Group’s operating results, individual performance and comparable market statistics. None of the Directors or any of their associates, and executive is involved in deciding his own remuneration. As at December 31, 2019, the Group had 27 employees (2018: 55 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

Donation

No donation was made by the Group during the year (2018: HK\$Nil).

Audit Committee

As at the date of this announcement, the Audit Committee of the Company (“AC”) comprised of the non-executive Director Mr. Huang Shao Long and three independent non-executive Directors, namely, Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong. Mr. Anthony Espina is the chairman of the AC.

The AC was delegated with the authority of the Board of the Company to investigate any activity within its terms of reference. The primary function of the AC is to review and supervise the Group’s financial reporting process and internal controls.

The Group’s unaudited annual results for the year ended December 31, 2019 contained herein have been reviewed by the AC, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

Review of Unaudited Annual Results

The auditing process for the annual results for the year ended December 31, 2019 has not been completed due to the COVID-19 coronavirus outbreak. The unaudited annual results contained herein have not been agreed with the Company’s auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. The unaudited annual results contained herein have been reviewed by the Audit Committee.

Due to the COVID-19 coronavirus outbreak since January 2020, the financial information preparation, especially in the PRC operations, was delayed. The Company is unable to arrange for any site visit to our operation in China by professional parties in Hong Kong. We therefore cannot rule out the possibility that the impairment and fair value assessments conducted by the Company’s management over certain accounting items set out in this announcement may be adjusted after taking the advice of professional advisers during the course of the audit process.

Further Announcement(s)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to: (i) the audited results for the year ended December 31, 2019 as agreed by the Company's auditors together with the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date of the forthcoming annual general meeting of the Company (the "2020 AGM"); and (iii) the book closure period for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2020 AGM. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process, including the expected date of completion of the auditing process once it can be ascertained.

Publication of Annual Results and Annual Report

This announcement is published on the websites of the Company (www.aifgroup.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended December 31, 2019 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the year. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board
China Cloud Copper Company Limited
Ng Yu
Chairperson & Executive Director

Hong Kong, March 31, 2020

As at the date of this announcement, our executive directors of the Company are Mr. Ng Yu, Mr. Wei Weicheng, Ms. Zhao Hong Mei and Mr. Lin Feng; our non-executive Director is Mr. Huang Shao Long and our independent non-executive directors of the Company are Mr. Anthony Espina and Mr. Wang Jun Sheng and Mr. Lo Hang Fong.