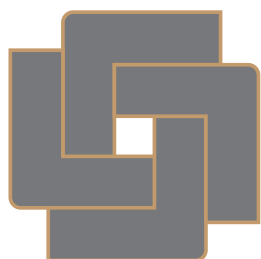


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# 林達控股有限公司

## LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號 1041

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1041)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the “Board”) of directors (the “Director(s)”) of Lamtex Holdings Limited (the “Company”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 together with the comparative figures for the previous year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	4	122,653	(101,905)
Cost of inventories sold		(56,163)	(5,401)
Other income	5	578	627
Administrative expenses		(33,813)	(35,655)
Share-based payments		–	(8,353)
Gain on bargain purchase		456	–
Gain on disposal of subsidiaries		3,187	–
Net fair value loss on convertible bond		(901)	–
Fair value (loss)/gain on investment properties		(490)	14,423
Finance costs		(3,392)	–
<b>Profit/(loss) before tax</b>		<b>32,115</b>	<b>(136,264)</b>
Income tax expense	7	(3,771)	(2,027)
<b>Profit/(loss) for the year</b>	8	<b>28,344</b>	<b>(138,291)</b>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – continued**

*For The Year Ended 31 December 2017*

	<i>Note</i>	<b>2017</b> <b><i>HK\$'000</i></b>	2016 <i>HK\$'000</i>
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		<b>1,538</b>	–
Exchange differences on translating foreign operations		<b>6,684</b>	<b>(6,787)</b>
<b>Total other comprehensive income/(loss) for the year</b>		<b>8,222</b>	<b>(6,787)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>36,566</b>	<b>(145,078)</b>
<b>Earnings /(loss) per share</b>	10		
<i>Basic (cents per share)</i>		<b>3.03</b>	<b>(19.65)</b>
<i>Diluted (cents per share)</i>		<b>2.13</b>	<b>(19.65)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 31 December 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>18,007</b>	18,417
Investment properties	11	<b>83,300</b>	100,946
Intangible asset		<b>1,000</b>	1,000
Goodwill		<b>6,533</b>	4,137
Other assets		<b>400</b>	400
		<b>109,240</b>	124,900
<b>Current assets</b>			
Inventories		<b>10,572</b>	–
Trade and interest receivables	12	<b>41,041</b>	18,661
Loans receivables	13	<b>313,350</b>	161,700
Prepayments, deposits and other receivables		<b>4,441</b>	4,197
Financial assets at fair value through profit or loss		<b>81,208</b>	–
Bank balances held on behalf of clients		<b>37,504</b>	35,326
Bank and cash balances	14	<b>63,791</b>	41,434
		<b>551,907</b>	261,318
<b>Current liabilities</b>			
Trade payables	15	<b>54,352</b>	40,189
Other payables and accruals		<b>17,288</b>	2,601
Tax payable		<b>2,796</b>	148
		<b>74,436</b>	42,938
<b>Net current assets</b>		<b>477,471</b>	218,380
<b>Total assets less current liabilities</b>		<b>586,711</b>	343,280
<b>Non-current liabilities</b>			
Convertible bonds		<b>112,000</b>	–
Deferred tax liabilities		<b>419</b>	1,960
		<b>112,419</b>	1,960
<b>NET ASSETS</b>		<b>474,292</b>	341,320
<b>Capital and reserves</b>			
Share capital	16	<b>45,580</b>	32,430
Reserves		<b>428,712</b>	308,890
<b>TOTAL EQUITY</b>		<b>474,292</b>	341,320

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For The Year Ended 31 December 2017*

## 1. GENERAL INFORMATION

Lamtex Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. During the year, the address of its principal place of business is Room 1814-1815, 18/F, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are securities trading and investment, securities brokerage and provision of securities margin finance, property investment, loan financing services and trading and manufacturing of electronic products.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) in order to allocate resources to segments and to assess their performance. Reported segment information is based on internal management reporting information that is regularly reviewed by executive directors, being the CODM of the Group.

The Group’s operations are organised based on six business activities which are also the information regularly reported to CODM. The details of operating and reportable segments of the Group are as follows:

- (i) Securities trading and investment – purchase and sale of securities and securities investment.
- (ii) Securities brokerage and provision of securities margin finance.
- (iii) Property investment – generation of rental income.
- (iv) Loan financing services – provision of funds and financial services to third parties.
- (v) Trading and manufacturing of electronic products.
- (vi) Others.

## Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segments:

	Securities trading and investment <i>HK\$'000</i>	Securities brokerage and provision of securities margin finance <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	Trading and manufacturing of electronic products <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2017</b>							
<b>Segment revenue:</b>							
Revenue from external customers	<u>18,532</u>	<u>3,275</u>	<u>2,697</u>	<u>35,819</u>	<u>62,253</u>	<u>77</u>	<u>122,653</u>
Segment profit/(loss)	<u>18,532</u>	<u>(4,595)</u>	<u>1,911</u>	<u>21,029</u>	<u>2,787</u>	<u>(180)</u>	<u>39,484</u>
Unallocated corporate income							3,643
Unallocated corporate expenses							<u>(11,012)</u>
Profit before tax							<u>32,115</u>
	Securities trading and investment <i>HK\$'000</i>	Securities brokerage and provision of securities margin finance <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Loan financing services <i>HK\$'000</i>	All other segment <i>HK\$'000</i>	Total <i>HK\$'000</i>	
<b>Year ended 31 December 2016</b>							
<b>Segment revenue:</b>							
Revenue from external customers	<u>(122,328)</u>	<u>2,574</u>	<u>2,321</u>	<u>9,707</u>	<u>5,821</u>	<u>(101,905)</u>	
Segment profit/(loss)	<u>(122,637)</u>	<u>(3,327)</u>	<u>13,265</u>	<u>829</u>	<u>(93)</u>	<u>(111,963)</u>	
Unallocated corporate income						627	
Unallocated corporate expenses						<u>(24,928)</u>	
Loss before tax						<u>(136,264)</u>	

The accounting policies of the reportable and operating segment are the same as the Group's accounting policies. Segment result represents profit/(loss) from each segment without allocation of central administrative costs, share-based payments, directors' remuneration, finance costs, other income and other gains and losses (excluding the fair value changes and gain/loss from financial assets at fair value through profit or loss, which is included in the securities trading and investment segment result). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## Segment assets and liabilities

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

	Securities trading and investment <i>HKS'000</i>	Securities brokerage and provision of securities margin finance <i>HKS'000</i>	Property investment <i>HKS'000</i>	Loan financing services <i>HKS'000</i>	Trading and manufacturing of electronic products <i>HKS'000</i>	All other segments <i>HKS'000</i>	Total <i>HKS'000</i>
<b>As at 31 December 2017</b>							
<b>Segment assets</b>	<u>81,208</u>	<u>60,445</u>	<u>86,457</u>	<u>340,963</u>	<u>39,757</u>	<u>8,653</u>	617,483
Unallocated corporate assets							<u>43,664</u>
Consolidated total assets							<u>661,147</u>
<b>Segment liabilities</b>	<u>–</u>	<u>46,615</u>	<u>439</u>	<u>3,561</u>	<u>20,311</u>	<u>562</u>	71,488
Unallocated corporate liabilities							<u>115,367</u>
Consolidated total liabilities							<u>186,855</u>
<b>As at 31 December 2016</b>							
<b>Segment assets</b>		<u>96</u>	<u>56,977</u>	<u>104,407</u>	<u>167,293</u>	<u>6,203</u>	334,976
Unallocated corporate assets							<u>51,242</u>
Consolidated total assets							<u>386,218</u>
<b>Segment liabilities</b>		<u>–</u>	<u>40,876</u>	<u>3,062</u>	<u>148</u>	<u>208</u>	44,294
Unallocated corporate liabilities							<u>604</u>
Consolidated total liabilities							<u>44,898</u>

#### 4. REVENUE

The Group's revenue is analysed as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss on disposal of financial assets at fair value through profit or loss	–	(122,328)
Fair value gain on financial assets at fair value through profit or loss	<b>18,532</b>	–
Rental income	<b>2,902</b>	2,321
Sales of goods	<b>62,330</b>	5,821
Commission and brokerage income from securities dealings	<b>3,070</b>	1,662
Interest income from brokerage business	–	912
Interest income from loans to customers	<b>35,819</b>	9,707
	<u>122,653</u>	<u>(101,905)</u>

#### 5. OTHER INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest income	<b>501</b>	24
Others	<b>77</b>	603
	<u>578</u>	<u>627</u>

## 6. ACQUISITION OF SUBSIDIARIES

- (a) On 31 August 2017, the Group acquired 100% of issued share capital of Praise Perfection Limited for a cash consideration of HK\$2,000,000. Praise Perfection Limited and its subsidiaries is principally engaged in trading and manufacturing of electronic products.

The fair value of the identifiable assets and liabilities of Praise Perfection Limited and its subsidiaries acquired as at its date of acquisition is as follows:

	<i>HK\$'000</i>
Property, plant and equipment	2,084
Inventories	1,910
Deposits, prepayments and other receivable	7,350
Bank and cash balances	377
Trade payables	(2,631)
Other payables	(9,486)
	<hr/>
Total identifiable net liabilities at fair value	(396)
Goodwill	2,396
	<hr/>
Consideration transferred, satisfied by cash	2,000
	<hr/> <hr/>
Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries:	<i>HK\$'000</i>
Total cash consideration	2,000
Cash and cash equivalents acquired	(377)
	<hr/>
	1,623
	<hr/> <hr/>

Praise Perfection Limited and its subsidiary contributed revenue of approximately HK\$62,253,000 to the Group's revenue and profit of approximately HK\$2,787,000 to the Group's profit for the year between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2017, total Group's revenue for the year would have been approximately HK\$131,524,000, and profit for the year would have been approximately HK\$27,949,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is intended to be a projection of future results.

The goodwill arising on the acquisition of Praise Perfection Limited is attributable to anticipates profit contribution of the subsidiaries.



- (b) On 30 November 2017, the Group acquired 100% of issued share capital of Meteor Investment (H.K.) Limited for a cash consideration of HK\$7,565,000. Meteor Investment (H.K.) Limited and its subsidiaries are principally engaged in trading of tea leaf.

The fair value of the identifiable assets and liabilities of Meteor Investment (H.K.) Limited and its subsidiaries acquired as at its date of acquisition is as follows:

	<i>HK\$'000</i>
Property, plant and equipment	111
Inventories	7,788
Deposits, prepayments and other receivable	636
Bank and cash balances	196
Other payables	(456)
Deferred tax liabilities	(254)
	<hr/>
Total identifiable net assets at fair value	8,021
Gain on bargain purchase	(456)
	<hr/>
Consideration transferred, satisfied by cash	7,565
	<hr/> <hr/>

Analysis of net outflow cash and cash equivalents in respect of acquisition of subsidiaries: *HK\$'000*

Total cash consideration	7,565
Cash and cash equivalents acquired	(196)
	<hr/>
	7,369
	<hr/> <hr/>

Meteor Investment (H.K.) Limited and its subsidiaries contributed revenue of approximately HK\$77,000 to the Group's revenue and loss of approximately HK\$180,000 to the Group's profit for the year between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2017, total Group's revenue for the year would have been approximately HK\$122,653,000, and profit for the year would have been approximately HK\$26,257,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is intended to be a projection of future results.

The Group recognised a gain on bargain purchase of HK\$456,000 in the business combination. The gain on bargain purchase was mainly attributable to the appreciation of inventories.

## 7. INCOME TAX

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax:		
– Provision for the year	3,735	–
– Over-provision in prior years	36	148
Deferred tax	–	1,879
	<u>–</u>	<u>1,879</u>
Income tax expense	<u>3,771</u>	<u>2,027</u>

Hong Kong Profits Tax is provided at 16.5% (2016: 16.5%) based on the assessable profit for the year.

No provision for the People's Republic of China (the "PRC") Enterprise Income Tax made as the subsidiaries operating in the PRC have no assessable profits for both years.

## 8. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of inventories sold	56,163	5,401
Depreciation of property, plant and equipment	2,005	2,012
Loss on disposal of property, plant and equipment	15	452
Staff costs (including Directors' emoluments)		
Salaries, fees, bonuses and allowances	10,702	10,284
Share-based payments	–	7,570
Retirement benefits scheme contribution	358	386
	<u>11,060</u>	<u>18,240</u>
Share-based payments to a consultant	–	783
Operating lease rentals in respect of land and buildings	2,007	3,487
Auditor's remuneration	990	720
	<u>990</u>	<u>720</u>

## 9. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2017 (2016: nil).

## 10. EARNINGS/(LOSS) PER SHARE

### *Basic earnings/(loss) per share*

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$28,344,000 (2016: loss of HK\$138,291,000) and the weighted average number of ordinary shares of 935,122,469 (2016: 703,734,923) in issue during the year.

### *Diluted earnings per share*

For the year ended 31 December 2017, the calculation of diluted earnings per share attributable to owners of the Company is based on the following:

#### **Earnings**

	<i>HK\$'000</i>
Earnings for the purpose of calculating basic earnings per share	28,344
Add: Interest expenses on convertible bonds	3,392
Net fair value loss on convertible bonds	901
	<hr/>
	32,637
	<hr/> <hr/>

#### **Number of shares**

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	935,122,469
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	592,030,761
Effect of dilutive potential ordinary shares arising from share options	6,758,202
	<hr/>
	1,533,938,432
	<hr/> <hr/>

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2016.

## 11. INVESTMENT PROPERTIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At beginning of the reporting period	100,946	64,456
Additions	5,153	27,573
Change in fair value	(490)	14,423
Disposal of subsidiaries	(29,887)	–
Exchange differences	7,578	(5,506)
	<u>83,300</u>	<u>100,946</u>
At 31 December	<u>83,300</u>	<u>100,946</u>

Investment properties were revalued at the end of the reporting period on the open market value basis by reference to market evidence of recent transactions for similar properties by an independent professional valuer, Graval Consulting Limited (2016: Ascent Partners Valuation Service Limited).

## 12. TRADE AND INTEREST RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables		
Cash clients	4,107	5,429
Margin clients	1,402	8,187
Clearing houses	1,292	1,165
Trade receivables	27,122	1,678
Interest receivables	4,916	2,694
Rental receivable	2,694	–
Less: allowance for doubtful debts	(492)	(492)
	<u>41,041</u>	<u>18,661</u>
Trade and interest receivables, net	<u>41,041</u>	<u>18,661</u>

All trade receivables from cash clients and margin clients are not past due at the reporting date for which the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The settlement terms of trade receivables arising from the business of dealing in securities are two days after trade date. No aging analysis is disclosed as in the opinion of the directors of the Group, the aging analysis does not give additional value in view of the nature of business of the Group.

As at 31 December 2017, the trade receivables for trading and manufacturing of electronic products was approximately HK\$27,122,000. Based on invoice date, all its trade receivables is aged within 90 days. The Group allows an average credit period of 90 days to its trade customers.

### 13. LOANS RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loans receivables	<u>313,350</u>	<u>161,700</u>

The aging analysis of loans receivables, based on the loan agreement date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 30 days	6,000	37,000
31 to 60 days	41,000	9,500
61 to 90 days	8,000	8,000
Over 91 days	<u>258,350</u>	<u>107,200</u>
	<u>313,350</u>	<u>161,700</u>

The fixed-rate loans receivables of approximately HK\$313,350,000 (2016: HK\$161,700,000) under the Group's loan financing services operation as at 31 December 2017 represent loans advanced to 28 (2016: 14) independent third parties. The interest rates for the loans receivables were ranging from 8% to 14% (2016: 8%-16%) per annum.

The loan made available to customers depend on management's assessment of credit risk on the customers by evaluation on background check and repayment abilities. The Group determines the allowance of impaired debts based on the evaluation of collectability and aged analysis of accounts and on the management's judgment, including assessment of change of credit quality and the past collection history of each customer. There are no loans receivables which were past due at the end of reporting period and the Directors consider that no impairment was necessary.

### 14. BANK AND CASH BALANCES

Bank and cash balances comprise cash and short-term bank deposits with original maturity of three months or less, and carry interest ranging from 0.01% to 0.8% (2016: 0.01% to 0.8%) per annum.

At the end of the reporting period, the Group had bank and cash balances that were in RMB, which is not freely convertible into other currencies or were subject to exchange controls in the PRC amounting to approximately HK\$3,730,000 (2016: HK\$6,168,000).

The carrying amounts of the Group's other bank and cash balances are mainly denominated in Hong Kong dollars.

## 15. TRADE PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Margin client	28,841	28,250
Hong Kong Securities Clearing Company Limited	7,843	5,510
Cash client	9,251	6,429
Trade payables	<u>8,417</u>	<u>—</u>
	<u><b>54,352</b></u>	<u><b>40,189</b></u>

The payables of margin client and cash client are repayable on demand except where certain trade payables to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The aging analysis of the trade payables, based on invoice date is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0-30 days	4,489	—
31-90 days	2,792	—
91-180 days	<u>1,136</u>	<u>—</u>
	<u><b>8,417</b></u>	<u><b>—</b></u>

## 16. SHARE CAPITAL

	<b>Number of ordinary shares</b> (‘000)	<i>US\$’000</i>	<i>HK\$’000</i>
<b>Authorised:</b>			
At 1 January 2016 (US\$0.001 each)	100,000,000	100,000	775,000
Share consolidation (note b)	(80,000,000)	—	—
At 31 December 2016 and 31 December 2017 (US\$0.005 each)	<u>20,000,000</u>	<u>100,000</u>	<u>775,000</u>
<b>Issued and fully paid:</b>			
At 1 January 2016	3,296,673	3,297	25,696
Issue of shares on placement (note a)	190,500	191	1,482
Share consolidation (note b)	(2,789,738)	—	—
Issue of shares on placement (note c)	<u>139,480</u>	<u>697</u>	<u>5,252</u>
At 31 December 2016 and 1 January 2017	836,915	4,185	32,430
Issue of shares on exercise of share option (note d)	29,290	146	1,139
Issue of shares on conversion of convertible bonds (note e)	<u>308,772</u>	<u>1,544</u>	<u>12,011</u>
At 31 December 2017	<u>1,174,977</u>	<u>5,875</u>	<u>45,580</u>

Notes:

- (a) Completion of the share placement took place on 1 February 2016 pursuant to which 190,500,000 placement shares were issued under the placement agreement (the “February Placement”) at the placement price of HK\$0.11 per placement share at an aggregate consideration of approximately HK\$20,955,000, of which approximately HK\$1,482,000 was credited to share capital and the remaining balance of approximately HK\$18,771,000 (net of issuing expenses of approximately HK\$702,000) was credited to the share premium account. Details of the February Placement were set out in the Company’s announcement dated 10 January 2016 and 1 February 2016.

- (b) Pursuant to special resolution passed on 29 July 2016, every 5 issued and unissued ordinary shares of US\$0.001 each in the issued and unissued share capital of the Company were consolidated into one consolidated ordinary share of US\$0.005 each in the issued and unissued share capital of the Company.
- (c) Completion of the share placement took place on 7 December 2016 pursuant to which 139,480,000 placement shares were issued under the placement agreement (the “December Placement”) at the placement price of HK\$0.23 per placement share at an aggregate consideration of approximately HK\$32,080,000, of which approximately HK\$1,082,000 was credited to share capital and the remaining balance of approximately HK\$30,998,000 (net of issuing expenses of approximately HK\$900,000) was credited to the share premium account. Details of the December Placement were set out in the Company’s announcement dated 22 November 2016 and 7 December 2016.
- (d) During the year ended 31 December 2017, the subscription rights attaching to 29,290,000 share options issued pursuant to the share option scheme of the Company were exercised at the subscription price of HK\$0.287 per share, resulting in the issue of 29,290,000 Company’s ordinary shares of US\$ 0.005 each for the total cash consideration of approximately HK\$8,406,000 (2016: Nil).
- (e) During the year ended 31 December 2017, the holder of convertible bonds exercised the conversion right to convert HK\$88,000,000 convertible bonds into 308,771,929 Company’s ordinary shares of US\$0.005 each.

### **Capital Risk Management**

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2017 and 2016. The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves.



## 17. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	<b>2,289</b>	615
In the second to fifth years, inclusive	<b>9,231</b>	8,285
Over five years	<b>40,771</b>	40,520
	<hr/> <b>52,291</b> <hr/>	<hr/> 49,420 <hr/>

The Group as lessee

Leases for office premises are negotiated for terms ranging from 1 to 2 years. At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	<b>1,674</b>	2,206
In the second to fifth years, inclusive	<b>759</b>	1,212
	<hr/> <b>2,433</b> <hr/>	<hr/> 3,418 <hr/>

## **FUND RAISING ACTIVITIES**

In order to increase our capital to capture the business opportunities, the Company has completed the issuance of convertible bonds in January 2017. The major part of the net proceeds from the fund raising activities are used in financing and developing existing business needs.

### **Issue of Convertible Bonds**

On 19 January 2017, the Company completed the issue of convertible bonds in principal amount of HK\$200,000,000 pursuant to the specific mandate granted to the directors of the Company at the special general meeting held on 9 January 2017 at a conversion price of HK\$0.285 each.

The net proceeds of the Convertible Bonds Subscription are intended to be used as working capital for existing business.

### **March 2018 Placement**

On 29 March 2018, the Company completed the placing of 170,000,000 new shares of the Company pursuant to the general mandate granted to the directors of the Company at the annual general meeting held on 19 May 2017 at a placing price of HK\$0.43 each.

The net proceeds of the Placing are intended to be approximately HK\$49,000,000.00 for the development of new business if opportunities arise and the remaining balance for general working capital.

## USE OF PROCEEDS

The Company has conducted the following equity fund raising activities during the year ended 31 December 2017.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
19 January 2017 and 19 April 2017	Issue of convertible bonds in principal amount of HK\$200,000,000	Approximately HK\$198.68 million	<p>(i) Approximately HK\$100 million for financing property development in Maoming the PRC. (Due to the disposal of Maoming lands with reference to the announcement of the Company dated 18 April 2017, there was change in the use of the net proceeds. The Company intends to reallocate the proceeds for property development in Maoming in the amount of (i) approximately HK\$30 million for further developing the Company's securities business including but not limited to margin financing; and (ii) approximately HK\$70 million for further developing the Company's loan financing service);</p> <p>(ii) Approximately HK\$28.68 million for further developing the Company securities business including but not limited to margin financing; and</p> <p>(iii) Approximately HK\$70 million for further developing its loan financing service.</p>	<p>(i) Approximately HK\$140 million was used in developing its loan financing service; and</p> <p>(ii) Approximately HK\$58.68 million was allocated in its securities business including but not limited to margin financing. Approximately HK\$10.68 million not yet utilized.</p>

## **DIVIDEND**

The Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

This represented fair value gain on financial assets at fair value through profit or loss, securities brokerage service income, loan interest income, trading and manufacturing of electronic products income and rental income.

#### **Segmental Results**

During the reporting year, securities trading and investment, loan financing service, securities brokerage and provision of securities margin finance, property investment and trading and manufacturing of electronic products business remain the continuing business operations of the Group.

#### **Property investment business**

Revenue of approximately HK\$2.70 million was generated from the operation of property investment business for the reporting year (2016: approximately HK\$2.32 million) and its segmental result generated a profit of approximately HK\$1.91 million (2016: a profit of approximately HK\$13.27 million).

#### **Securities trading and investment business**

The revenue generated from the operation in securities trading and investment for the reporting year was approximately HK\$18.53 million (2016: negative revenue approximately HK\$122.33 million) and its segmental result reflected a gain of approximately HK\$18.53 million (2016: loss of approximately HK\$122.64 million).

#### **Loan financing services business**

Revenue of approximately HK\$35.82 million was generated from the Group's loan financing services business for the reporting period (2016: approximately HK\$9.71 million) and its segmental result recorded a profit of approximately HK\$21.03 million (2016: approximately HK\$0.83 million).

#### **Securities brokerage and provision of securities margin finance business**

Revenue of approximately HK\$3.28 million was generated from the Group's stock broking business for the reporting period (2016: approximately HK\$2.57 million) and its segmental result suffered a loss of approximately HK\$4.60 million (2016: loss of approximately HK\$3.33 million).

### **Trading and manufacturing of electronic products business**

Revenue of approximately HK\$62.25 million was generated from the Group's electronic trading business for the reporting period (2016: no such segment) and its segment result recorded a profit of approximately HK\$2.79 million (2016: no such segment).

### **All other segments business**

Revenue of approximately HK\$0.08 million was generated from other segments business (2016: approximately HK\$5.82 million) and segmental result suffered a loss of HK\$0.18 million (2016: loss of approximately HK\$0.09 million).

### **Cost of sales**

Cost of sales increased by approximately HK\$50.76 million (10.4 times of 2016), from approximately HK\$5.40 million for 2016 to approximately HK\$56.16 million for 2017. The increase was driven by the increase in revenue in 2017 for the newly acquired business in the trading and manufacturing of electronic products segment.

### **Other Income**

The Group's other income for the reporting year slightly decreased to approximately HK\$0.58 million from approximately HK\$0.63 million in year 2016.

### **Administrative Expenses**

The Group's administrative expenses for the reporting year decreased to approximately HK\$33.82 million from approximately HK\$35.66 million in the year 2016. Such decrease was mainly due to decrease in rent and rates as compared to 2016.

### **Share-based Payments**

No share-based payments of the Group was recorded for the reporting year (2016: approximately HK\$8.35 million).

### **Finance Costs**

The Group's finance costs for the reporting year was HK\$3.39 million (2016: nil). This was mainly the interest paid on outstanding convertible bonds.

## **Profit for the Year and Earnings Per Share**

The Group's profit attributable to owners of the Company for the reporting year was approximately HK\$28.34 million (2016: a loss of approximately HK\$138.29 million). Such change was mainly due to (i) fair value gain on financial assets at fair value through profit or loss of approximately HK\$18.53 million; and (ii) profit derived from loan financing services of approximately HK\$21.03 million. Basic earnings per share of the Group was approximately HK3.03 cents per share for the year ended 31 December 2017 (2016: basic loss per share approximately HK19.65 cents), while diluted earnings per share was approximately HK2.13 cents (2016: basic diluted loss per share approximately HK19.65 cents)

## **BUSINESS REVIEW**

During the year, the businesses and operations of the Group were mainly on securities trading and investment, securities brokerage and provision of securities margin finance, property investment, loan financing services and trading and manufacturing of electronic products.

The Group's consolidated net gain for the year was approximately HK\$28.34 million (2016: net loss of approximately HK\$138.29 million). The consolidated net assets of the Group increased from approximately HK\$341.32 million as at 31 December 2016 to approximately HK\$474.29 million as at 31 December 2017. The consolidated net gain was mainly attributable to (i) fair value gain on financial assets at fair value through profit or loss of approximately HK\$18.53 million; and (ii) profit derived from loan financing services of approximately HK\$21.03 million.

## **MAJOR EVENTS**

On 19 January 2017, the Company completed the issue of convertible bonds in principal amount of HK\$200,000,000 pursuant to the specific mandate granted to the directors of the Company at the special general meeting held on 9 January 2017 at a conversion price of HK\$0.285 each. Details of the intended/actual use of proceeds of the subscription is set at section headed "use of proceeds" of his announcement.

Pursuant to an agreement dated 18 April 2017 entered into between a subsidiary of the Company, Eminent Alliance Investments Limited ("Eminent Alliance") and an independent third party (the "Purchaser"), Eminent Alliance disposed of its entire interest in a subsidiary, Cityray Investments Limited (the "Disposed Company") and its subsidiaries (collectively referred as the "Disposal Group") to the Purchaser at a cash consideration of HK\$38,000,000 (the "Disposal"). The disposal was completed in May 2017 and recorded a gain of HK\$3.19 million. For details, please refer to the announcement of the Company published on 19 April 2017.

In August 2017, the acquisition of Praise Perfection Limited, a company incorporated in Hong Kong with limited liability, which engaged in trading and manufacturing of electronic products at a consideration of HK\$2 million was completed.

Towards year end, to further diversify our Group's business, Meteor Investment (H.K.) Limited was acquired at a consideration of HK\$7.56 million was completed in November 2017, a company incorporated in Hong Kong with limited liability. Such acquisition will initially serve as a platform to develop business in relation to tourism and entertainment alike.

During 2017, due to the positive change in global economic atmosphere, the Group has prudently involved in the securities investment. The Group considers that the prospects in respect of the shares still held for trading investments are healthy. The Board will closely monitor the performance progress of the investment portfolio from time to time.

### **Property investment business**

The segmental profit of approximately HK\$1.91 million was mainly due to the rental income from investment properties (2016: profit of approximately HK\$13.27 million). Such a decrease was due to the absence of a fair value gain on investment properties.

### **Securities trading and investment business**

During the reporting year, a revenue of approximately HK\$18.53 million was recorded from the operation of investments in securities (2016: a negative revenue of approximately HK\$122.33 million). This represented mainly the fair value gain on financial assets at fair value through profit or loss. The segmental profit of approximately HK\$18.53 million was mainly due to the fair value gain on financial assets at fair value through profit or loss.

### **Loan financing services business**

The segmental profit of approximately HK\$21.03 million was recorded (2016: profit of approximately HK\$0.83 million).

### **Securities brokerage and provision of securities margin finance business**

The segmental loss of approximately HK\$4.60 million was recorded (2016: loss of approximately HK\$3.33 million). This was mainly due to business faced a lot of competitions and some related business plans not well on track.

### **Trading and manufacturing of electronic products business**

During the reporting year, a revenue of approximately HK\$62.25 million was recorded (2016: no such segment). The segmental profit of approximately HK\$2.79 million was recorded (2016: no such segment). This was a newly setup business in 2017.

## **FUTURE PLANS AND PROSPECTS**

The Group is cautiously optimistic on its business viewpoint. As China's economic growth has become stable and with the framework of "One country, Two systems", Hong Kong has an important role to play in the One Belt One Road Initiative, which is strongly supported by the Chinese government, the Group remains positive on its mid-to-long-term prospects and believes that Hong Kong will continue to benefit from the partnership with China.

The Group will continue focus its efforts to the development of its existing principal businesses (1) property investment and (2) securities trading and investment (3) securities brokerage and provision of securities margin finance (4) loan financing services (5) trading and manufacturing of electronic products and other potential projects with a view to providing steady returns as well as fruitful growth for its shareholders. The Group will invite competent staff to join the Group in order to enhance and expand its capability to cope with the ever-changing environment and opportunity as they arise.

In addition, the Group will further extend its principal business and direct its resources to the newly acquired and setup businesses in securities and loan financing services. For the newly acquired businesses, Meteor Investment (H.K.) Limited and Praise Perfection Limited (Trading and Manufacturing business), Praise Perfection Limited started contributing to the Group's 2017's revenue and results. It is expected that such new businesses will continue to be part of the main income stream of the Group.

In the mean time, the Group will maintain a stringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investments. The management believe that, in such an unpredictable economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group's sustainable growth.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 December 2017, the Group's bank and cash balances was approximately HK\$63.79 million (2016: approximately HK\$41.43 million), representing an increase of 53.97%. There was no bank and other borrowings as at 31 December 2016 and 2017.

As at 31 December 2017, the current ratio (current assets/current liabilities) was 7.41 times (2016: 6.09 times) and the net current assets amounted to approximately HK\$477.47 million (2016: approximately HK\$218.38 million).

## **SHARE OPTION**

The board of directors (the "Directors") of Lamtex Holdings Limited (the "Company") (the "Board") hereby announces that on 20 December 2016, the Company has granted share options (the "Options") under its share option scheme adopted on 25 May 2012 to certain eligible grantees (the "Grantees"), which, subject to acceptance by the Grantees, will enable the Grantees to subscribe for an aggregate of 58,120,000 ordinary shares of the Company (the "Share(s)") of US\$0.005 each in the share capital of the Company as stated in the announcement dated 20 December 2016.



The total 22,830,000 Options were granted to the following Grantees with details as follows:

	<b>Position</b>	<b>Option shares granted</b>	<b>Percentage of the Company's issued share capital (%)</b>
Mr. Wu Xiaolin	Executive Director	8,300,000	0.71%
Mr. Wen Wenfeng	Executive Director (resigned on 5 February 2018)	8,300,000	0.71%
Mr. Wen Yongwen	Subsidiary's vice president	5,000,000	0.43%
Mr. Tse Long	Independent Non-Executive Director	410,000	0.03%
Dr. Loke Yu, alias Loke, Hoi Lam	Independent Non-Executive Director	410,000	0.03%
Mr. Zeng Zhaolin	Independent Non-Executive Director	410,000	0.03%
		22,830,000	1.94%

Save as disclosed above, none of the Grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associate(s) (as defined in the Listing Rules).

## **CAPITAL STRUCTURE**

During the reporting year, 29,290,000 shares were issued by exercise of share options. In addition, there were in total 308,771,929 convertible bonds converted into shares from the Two-year 2% Coupon Convertible Bonds issued on 19 January 2017. As at 31 December 2017, the number of the Company's issued shares was 1,174,976,579 shares.

Save as the disclosure above, there was no changes in the capital structure of the Company during the reporting period.

As at 31 December 2017, the Group had HK\$112 million worth of outstanding convertible bonds. The Group's gearing ratio calculated on the basis of convertible bond was HK\$112 million (31 December 2016: Nil) and total equity of approximately HK\$474.29 million (31 December 2016: approximately HK\$341.32 million), was 23.61% (31 December 2016: zero).

## **MATERIAL CONTINGENT LIABILITIES**

The Group is not aware of any material contingent liabilities as at 31 December 2017.

## **PLEDGE OF ASSETS**

At the end of the reporting year, the Group had not pledged any assets (2016: nil).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES**

There has been no significant change in the Group's policy in terms of exchange rate exposure. The Group operates mainly in Hong Kong and the PRC. Most of the transactions are denominated in Hong Kong dollars ("HK\$") and Renminbi ("RMB"). Hence, the Group neither anticipates any significant exchange risk exposure nor has a foreign currency hedging policy. However, management of the Group will monitor foreign exposure closely and consider the use of hedging instruments when necessary.

## **EMPLOYEES AND REMUNERATION POLICIES**

As of 31 December 2017, the Group had approximately 945 (2016: approximately 45) full time management, administrative and operation staff in the PRC and Hong Kong.

The Group provides competitive remuneration packages with attractive discretionary bonus to employees. The Group regularly reviews its remuneration packages in light of the overall development of the Group as well as the market conditions. In addition, the Group has adopted a share option scheme for eligible employees (including directors) to provide incentives to those with outstanding performance and contribution to the Group.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND LISTING RULES**

During the year, the Company has complied with the Corporate Governance Code (the "Code") as contained in Appendix 14 of the Listing Rules, except for deviations from Code Provision A.6.7. Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meeting. Due to other important business engagements at the relevant time, not all independent non-executive directors and non-executive directors attended the special general meeting held on 9 January 2017.

## **COMPLIANCE WITH THE MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the provisions of the Model Code during the year ended 31 December 2017.

## **AUDIT COMMITTEE**

The audit committee comprises three INEDs, namely Dr. LOKE Yu alias Loke Hoi Lam, Mr. TSE Long and Mr. ZENG Zhaolin. It is principally responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing with management the internal control, systems of risk management, auditing and financial reporting matters of the Group. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2017.

## **EVENT AFTER THE REPORTING PERIOD**

### **March 2018 Placement**

In March 2018, the Company completed a placement of 170,000,000 new shares with value of HK\$0.43 each. The March Placement was referred to the announcement dated 7 March 2018 under the General Mandate. After the completion of the 2018 March Placement, the issued share capital of the Company has been further enlarged to 1,344,976,579 shares in total.

The net proceeds of the Placing of approximately HK\$49,000,000 are intended to be used for the development of new business if opportunities arise and the remaining balance for general working capital.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group’s auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2017. The work performed by ZHONGHUI ANDA CPA 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

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

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

## **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the year ended 31 December 2017.

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

This results announcement will be published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company's website at [www.cnepgl.com](http://www.cnepgl.com). The 2017 Annual Report will be despatched to our shareholders and published on the aforesaid websites in due course.

## **APPRECIATION**

On behalf of the Board, my sincere thank to our loyal shareholders, suppliers and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to our management and all staff for their hard work and dedication throughout the year.

By order of the Board  
**Lamtex Holdings Limited**  
**Wu Xiaolin**  
*Executive Director*

Hong Kong, 29 March 2018

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wu Xiaolin and Mr. Wen Jialong; two non-executive Directors, namely, Mr. Lung Chee Ming, George and Mr. Liu Zhanqing; and three independent non-executive Directors, namely Dr. Loke Yu alias Loke Hoi Lam, Mr. Tse Long and Mr. Zeng Zhaolin.*