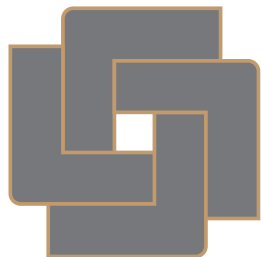


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林達控股有限公司  
LAMTEX HOLDINGS LTD.

STOCK CODE 股份代號 1041

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

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

The board (the “Board”) of directors (the “Director(s)”) of Lamtex Holdings Limited (the “Company”) hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2019 together with the comparative audited figures for the previous year as follows:

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

*For The Year Ended 31 December 2019*

	Notes	2019 HK\$'000 Unaudited	2018 HK\$'000 Audited
Interest revenue		25,678	41,287
Other revenue		72,451	128,047
<b>Total revenue</b>	4	<b>98,129</b>	169,334
Cost of inventories sold		(74,027)	(141,359)
Other income	5	673	508
Administrative expenses		(89,651)	(49,481)
Share-based payments		—	(13,313)
Deposit written off		(20,000)	—
Impairment of deposit		(20,000)	—
Gain on disposal of subsidiaries		—	1,196
Loss on disposal of property, plant and equipment		(193)	—
Fair value loss on investment properties		—	(1,187)
Finance costs	7	(3,981)	(773)
Impairment loss of property, plant and equipment		—	(502)
Impairment of goodwill		—	(9,190)
Impairment of intangible assets		—	(1,000)
Impairment of interest in an associate		—	(6,483)
Impairment of loan receivables		(182,331)	—
Share of loss of an associate		(509)	(438)

	<i>Notes</i>	<b>2019</b> <b>HK\$'000</b> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
<b>Loss before tax</b>		<b>(291,890)</b>	(52,688)
Income tax expense	8	<u>(2,389)</u>	<u>(7,152)</u>
<b>Loss for the year</b>	9	<u><b>(294,279)</b></u>	<u>(59,840)</u>
<b>Other comprehensive income/(expense):</b> <i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>3,345</u>	<u>(2,306)</u>
<b>Total other comprehensive income/(expense) for the year</b>		<u><b>3,345</b></u>	<u>(2,306)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(290,934)</b></u>	<u>(62,146)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(294,275)</b>	(59,840)
Non-controlling interests		<u>(4)</u>	<u>—</u>
		<u><b>(294,279)</b></u>	<u>(59,840)</u>
<b>Total comprehensive expense for the year attributable to:</b>			
Owners of the Company		<b>(290,930)</b>	(62,146)
Non-controlling interests		<u>(4)</u>	<u>—</u>
		<u><b>(290,934)</b></u>	<u>(62,146)</u>
<b>Loss per share</b>	11		
Basic (cents per share)		<u><b>(16.68)</b></u>	<u>(3.82)</u>
Diluted (cents per share)		<u><b>(16.68)</b></u>	<u>(3.82)</u>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As At 31 December 2019*

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
<b>Non-current assets</b>			
Property, plant and equipment		<b>85,415</b>	81,607
Right-of-use assets		<b>24,358</b>	—
Intangible asset		—	—
Goodwill		<b>5,113</b>	2,396
Other assets		<b>400</b>	400
Interests in an associate		<b>22,571</b>	23,080
		<hr/> <b>137,857</b>	<hr/> 107,483
 <b>Current assets</b>			
Inventories		<b>12,773</b>	13,538
Trade and interest receivables	<i>12</i>	<b>38,327</b>	43,034
Loans receivables	<i>13</i>	<b>198,419</b>	372,850
Prepayments, deposits and other receivables		<b>67,112</b>	36,047
Financial assets at fair value through profit or loss		<b>18,294</b>	32,613
Bank balances held on behalf of clients		<b>10,878</b>	14,088
Bank and cash balances	<i>14</i>	<b>56,231</b>	40,248
		<hr/> <b>402,034</b>	<hr/> 552,418
 <b>Current liabilities</b>			
Trade payables	<i>15</i>	<b>24,418</b>	31,387
Other payables and accruals		<b>4,453</b>	11,924
Lease liabilities		<b>10,848</b>	—
Borrowings		<b>4,720</b>	5,032
Bonds		<b>148,000</b>	—
Tax payable		<b>5,323</b>	3,309
		<hr/> <b>197,762</b>	<hr/> 51,652
 <b>Net current assets</b>		 <hr/> <b>204,272</b>	 <hr/> 500,766
 <b>Total assets less current liabilities</b>		 <hr/> <b>342,129</b>	 <hr/> 608,249

	<i>Notes</i>	<b>2019</b> <b><i>HK\$'000</i></b> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
<b>Non-current liabilities</b>			
Lease liabilities		<b>14,780</b>	—
Deferred tax liabilities		<b>254</b>	254
		<u><b>15,034</b></u>	<u>254</u>
<b>NET ASSETS</b>		<u><b>327,095</b></u>	<u>607,995</u>
<b>Capital and reserves</b>			
Share capital	<i>16</i>	<b>68,719</b>	67,497
Reserves		<b>258,376</b>	540,498
<b>TOTAL EQUITY</b>		<u><b>327,095</b></u>	<u>607,995</u>

# NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31 December 2019

## 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”).

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

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 (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); 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 financial statements and amounts reported for the current year and prior years excepted as stated below:

### HKFRS 16 “Leases”

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under HKAS 17 “Leases.”

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under transitional provisions in the standard. The reclassifications and the adjustments arising from the adoption of HKFRS 16 are therefore recognised in the opening balance sheet on 1 January 2019 as follows:

	1 January 2019 <i>HK\$’000</i> Unaudited
Increase in right-of-use assets	5,295
Increase in lease liabilities	<u>(5,295)</u>

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

	<i>HK\$'000</i>
	Unaudited
Operating lease commitment to lease liabilities as at 1 January 2019 is set out below:	
Operating lease commitment at 31 December 2018	5,750
Commitment relating to leases are low-value assets	(4)
Discounting	(451)
	<hr/>
Lease liability as at 1 January 2019	5,295
	<hr/> <hr/>
<b>Analysed as:</b>	
Current	3,360
Non-current	1,935
	<hr/>
	5,295
	<hr/> <hr/>

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 those 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 operation 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) Hotel operation
- (iv) Property investment-generation of rental income
- (v) Loan financing services — provision of funds and financial services to third parties
- (vi) Trading and manufacturing of electronic products. In 2019, start trading electronic products with cartoon licence.

Other operating segment which do not meet the quantitative thresholds prescribed by HKFRS 8 for determining reporting segments are combined as all other segments.

**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> Unaudited	Securities brokerage and provision of securities margin finance <i>HK\$'000</i> Unaudited	Loan financing services <i>HK\$'000</i> Unaudited	Trading and manufacturing of electronic products <i>HK\$'000</i> Unaudited	Hotel operation <i>HK\$'000</i> Unaudited	All other segments <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
<b>Year ended 31 December 2019</b>							
<b>Segment revenue:</b>							
Revenue from external customers	<u>(12,600)</u>	<u>2,670</u>	<u>25,678</u>	<u>78,608</u>	<u>3,729</u>	<u>44</u>	<u>98,129</u>
Segment loss	<u>(12,600)</u>	<u>(5,703)</u>	<u>(163,840)</u>	<u>(12,971)</u>	<u>(1,789)</u>	<u>(6,263)</u>	<u>(203,166)</u>
Unallocated corporate income							1
Unallocated corporate expenses							<u>(88,725)</u>
Loss before tax							<u>(291,890)</u>

	Securities trading and investment <i>HK\$'000</i> Audited	Securities brokerage and provision of securities margin finance <i>HK\$'000</i> Audited	Loan financing services <i>HK\$'000</i> Audited	Trading and manufacturing of electronic products <i>HK\$'000</i> Audited	Hotel operation <i>HK\$'000</i> Audited	Property investment <i>HK\$'000</i> Audited	All other segments <i>HK\$'000</i> Audited	Total <i>HK\$'000</i> Audited
<b>Year ended 31 December 2018</b>								
<b>Segment revenue:</b>								
Revenue from external customers	<u>(41,621)</u>	<u>2,069</u>	<u>41,287</u>	<u>165,487</u>	<u>992</u>	<u>1,120</u>	<u>—</u>	<u>169,334</u>
Segment profit/(loss)	<u>(41,621)</u>	<u>(6,070)</u>	<u>39,344</u>	<u>16,304</u>	<u>431</u>	<u>(3,396)</u>	<u>(2,001)</u>	<u>2,991</u>
Unallocated corporate income								1,599
Unallocated corporate expenses								<u>(57,278)</u>
Loss before tax								<u>(52,688)</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>HK\$'000</i> Unaudited	Securities brokerage and provision of securities margin finance <i>HK\$'000</i> Unaudited	Loan financing services <i>HK\$'000</i> Unaudited	Trading and manufacturing of electronic products <i>HK\$'000</i> Unaudited	Hotel operation <i>HK\$'000</i> Unaudited	All other segments <i>HK\$'000</i> Unaudited	Total <i>HK\$'000</i> Unaudited
<b>As at 31 December 2019</b>							
Segment assets	18,294	20,834	231,473	37,480	83,998	16,375	408,454
Unallocated corporate assets							131,437
Consolidated total assets							539,891
Segment liabilities	—	12,472	15,637	15,892	6,715	12,739	63,455
Unallocated corporate liabilities							149,341
Consolidated total liabilities							212,796
<b>As at 31 December 2018</b>							
Segment assets	32,613	32,629	80,331	389,897	49,136	8,300	592,906
Unallocated corporate assets							66,995
Consolidated total assets							659,901
Segment liabilities	—	20,283	6,414	1,741	18,933	1,758	49,129
Unallocated corporate liabilities							2,777
Consolidated total liabilities							51,906



The Group's unallocated corporate assets at the end of the reporting period mainly consist of property, plant and equipment, right-of-used assets, goodwill, interest in an associate, deposits and prepayments and cash and cash equivalents. The Group's unallocated corporate liabilities at the end of the reporting period consists other payables and accruals, lease liabilities, bonds and deferred tax liabilities.

**Geographical information:**

	Revenue		Non-current assets	
	2019 HK\$'000 Unaudited	2018 HK\$'000 Audited	2019 HK\$'000 Unaudited	2018 HK\$'000 Audited
Hong Kong	93,999	169,197	57,889	4,022
PRC	3,864	2,188	76,146	103,461
Canada	64	(2,051)	—	—
Belize	202	—	3,822	—
	<u>98,129</u>	<u>169,334</u>	<u>137,857</u>	<u>107,483</u>

The revenue information above is based on the locations of operations.

**Information about major customers**

	2019 HK\$'000 Unaudited	2018 HK\$'000 Audited
Trading and manufacturing of electronic products segment		
Customer A	42,794	81,913
Customer B	7,500	43,863

**4. REVENUE**

The Group's revenue is analysed as follows:

	2019 HK\$'000 Unaudited	2018 HK\$'000 Audited
Sales of goods	78,652	165,487
Commission and brokerage income from securities dealings	2,670	1,878
Service income from hotel operations	3,729	992
Revenue from contracts with customers	85,051	168,357
Revenue from other sources:		
Loss on disposal of financial assets at fair value through profit or loss	(17,074)	(11,837)
Fair value gain/(loss) on financial assets at fair value through profit or loss	4,474	(29,784)
Rental income	—	1,311
Interest income from loans to customers	25,678	41,287
	<u>98,129</u>	<u>169,334</u>

## 5. OTHER INCOME

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Interest income	272	264
Others	401	244
	<u>673</u>	<u>508</u>

## 6. ACQUISITION OF SUBSIDIARIES

On 28 February 2019, the Group completed the acquisition of 100% of the issued share capital of JMC Investments Limited for US\$850,000 (equivalent approximately to HK\$6,672,000) by the issue 31,349,764 consideration shares. JMC Investments Limited was engaged in hotel operation during the period.

The fair value of the identifiable assets and liabilities of JMC Investments Limited acquired as at its date of acquisition is as follows:

	<i>HK\$'000</i> Unaudited
Property, plant and equipment	6,152
Trade receivable	2
Inventories	9
Bank and cash balances	1,275
Other payables	(124)
	<u>7,314</u>
Total identifiable net liabilities at fair value	7,314
Goodwill	2,717
	<u>10,031</u>
	<i>HK\$'000</i>
Satisfied by:	
Issue of consideration shares	<u>10,031</u>

The goodwill arising on the acquisition of JMC investments Limited is attributable future operation synergies from the combination.

## 7. FINANCE COSTS

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Lease interest	1,328	—
Bond interest	2,653	—
Interest on convertible bonds	—	773
	<u>3,981</u>	<u>773</u>

## 8. INCOME TAX

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Current tax — Hong Kong Profits Tax:		
— Provision for the year	2,389	7,337
— Under-provision in prior years	—	(20)
Deferred tax	—	(165)
	<u>2,389</u>	<u>7,152</u>

Hong Kong Profits Tax is provided at 16.5% (2018: 16.5%) based on the assessable profit for the year.

No provision for PRC Enterprise Income Tax made as the subsidiaries operating in the PRC have no assessable profits for both years.

The reconciliation between the income tax expense and the loss before tax is as follows:

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Loss before tax	<u>(291,890)</u>	<u>(52,688)</u>
Calculated at a domestic income tax rate of 16.5% (2018: 16.5%)	(48,161)	(8,693)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(790)	(597)
Tax effect of income not taxable	(3,715)	(1,342)
Tax effect of expenses not deductible	33,861	6,997
Tax effect of taxes losses not recognised	21,234	10,838
Utilisation of tax losses previously not recognised	—	(1)
Over-provision in prior years	—	(10)
One-off tax reduction	(40)	(40)
	<u>2,389</u>	<u>7,152</u>
Income tax expense for the year	<u>2,389</u>	<u>7,152</u>

At the end of the reporting period subject to agreement by the tax authorities, the Group has unused tax losses of approximately HK\$442,100,000 (unaudited) (2018:HK\$370,005,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future streams of those entities of the Group.

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Audited
Cost of inventories sold	74,027	141,359
Depreciation of property, plant and equipment	3,607	2,376
Loss on disposal of property, plant and equipment	193	—
Staff costs (including Directors' emoluments)		
Salaries, fees, bonuses and allowances	28,530	16,006
Share-based payments	—	13,313
Retirement benefits scheme contribution	1,250	702
	<b>29,780</b>	30,021
Auditors' remuneration	1,070	970
Impairment of loan receivables	182,331	—
Impairment of property, plant and equipment	—	502
Impairment of goodwill	—	9,190
Impairment of intangible assets	—	1,000
Impairment of interest in an associate	—	6,483
	<b>—————</b>	<b>—————</b>

## 10. DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: nil).

## 11. LOSS PER SHARE

### Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$294,275,000 (unaudited) (2018: HK\$59,840,000) and the weighted average number of ordinary shares of 1,764,327,000 (unaudited) (2018: 1,566,085,000) in issue during the year.

### Diluted loss per share

The diluted loss per shares is equal to basic loss per share the Company did not have any dilutive potential ordinary sharing during the year ended 31 December 2018 and 2019.

## 12. TRADE AND INTEREST RECEIVABLES

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Trade receivables		
Cash client	971	4,253
Margin client	428	3,408
Clearing houses	596	302
Trade receivables	15,314	29,499
Interest receivables	21,510	6,064
Less: allowance for doubtful debts	<u>(492)</u>	<u>(492)</u>
Trade and interest receivables, net	<u><u>38,327</u></u>	<u><u>43,034</u></u>

All trade receivable from cash clients and margin clients are not past due at the reporting dates 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.

In relation to trade receivable from trading and manufacturing of electronic products, the general credit terms of the Group granted to its trade customers is aged within 90 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the senior management. An aging analysis of trade receivables, based on the invoice date, is as follows:

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Current	635	17
Within 30 days	<u>14,679</u>	<u>29,482</u>
	<u><u>15,314</u></u>	<u><u>29,499</u></u>

## 13. LOANS RECEIVABLES

	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Audited
Loans receivables	380,750	372,850
Less: Impairment	<u>(182,331)</u>	<u>—</u>
	<u><u>198,419</u></u>	<u><u>372,850</u></u>

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

	<b>2019</b> <i>HK\$'000</i> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
0 to 30 days	<b>95,500</b>	22,500
31 to 60 days	<b>9,000</b>	44,000
61 to 90 days	<b>10,400</b>	8,000
Over 91 days	<b>83,519</b>	298,350
	<b>198,419</b>	372,850

The fixed-rate loans receivables of approximately HK\$380,750,000 (unaudited) (2018: HK\$372,850,000) under the Group's loan financing services operation as at 31 December 2019 represent loan advanced to 32 (2018: 31) independent third parties. The interest rates for the loan receivables were ranging from 10% to 15% (2018: 10%–14%) per annum.

The loan made available to customers depends 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.

#### 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 0.001% to 0.5% (2018: 0.125% to 0.5%) 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\$4,811,000 (unaudited) (2018: HK\$3,340,000).

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

#### 15. TRADE PAYABLES

	<b>2019</b> <i>HK\$'000</i> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
Margin client	<b>3,609</b>	3,975
Hong Kong Securities Clearing Company Limited	<b>464</b>	5,175
Cash client	<b>7,605</b>	10,580
Trade payables	<b>12,740</b>	11,657
	<b>24,418</b>	31,387

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:

	<b>2019</b> <b>HK\$'000</b> <b>Unaudited</b>	2018 <i>HK\$'000</i> Audited
0–30 days	5,650	7,525
31–90 days	5,031	3,562
91–180 days	2,059	570
	<u>12,740</u>	<u>11,657</u>

## 16. SHARE CAPITAL

	<b>Number of ordinary shares</b> <i>(’000)</i>	<i>US\$’000</i>	<i>HK\$’000</i> Unaudited
<b>Authorised:</b>			
At 1 January 2018, 31 December 2018 and 31 December 2019 (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 2018 (audited)	1,174,977	5,875	45,580
Issue of shares on placement (note a)	170,000	850	6,630
Issue of shares on conversion of convertible bonds (note b)	<u>392,982</u>	<u>1,965</u>	<u>15,287</u>
At 31 December 2018 (audited)	1,737,959	8,690	67,497
Share Consideration (note c)	<u>31,350</u>	<u>157</u>	<u>1,222</u>
At 31 December 2019	<u>1,769,309</u>	<u>8,847</u>	<u>68,719</u>

Notes:

- (a) Completion of the share placement took place on 29 March 2018 pursuant to which 170,000,000 placement shares were issued under the placement agreement (the “March Placement”) at the placement price of HK\$0.43 per placement share at an aggregate consideration of approximately HK\$70,536,000 (net of issuing expenses of approximately HK\$2,564,000), of which approximately HK\$6,630,000 was credited to share capital and the remaining balance of approximately HK\$63,906,000 was credited to share premium account. Details of the March Placement were set out in the Company’s announcement dated 29 March 2018.

- (b) During the year ended 31 December 2018, the holder of convertible bonds exercised the conversion right to convert HK\$112,000,000 convertible bonds into 392,982,456 Company's ordinary shares of US\$0.005 each.
- (c) On 28 February 2019, 31,349,764 ordinary shares of the Company of US\$0.005 each were issued at HK\$0.32 per share of approximately HK\$10,031,000, for the consideration of the acquisition of 100% issued shares of JMC Investments Limited. Approximately HK\$1,222,000 was credited to share capital and the remaining balance of approximately HK\$8,809,000 was credited to share premium account.



## **FUND RAISING ACTIVITIES**

In order to increase our capital to capture the business opportunities, the Placing Agent and the Company entered into the Placing Agreement in May 2019 and June 2019 respectively pursuant to which the Placing Agent has agreed to procure Placees who (and their ultimate beneficial owners, if applicable) are not connected persons of the Company to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 and HK\$100,000,000 within the Placing Period. The major part of the net proceeds from the fund raising activities are intended for the development of new business if opportunities arise and the remaining balance for general working capital.

### **May 2019 Placement**

On 29 May 2019, the Company completed the placing of bonds in aggregate principal amount of HK\$50,000,000 pursuant to the Inside Information Provisions (as defined in the Listing Rules) and Rule 13.09(2)(a) of the Listing Rules. The net proceeds of the Placing (after prepayment of interest of the Bonds and deduction of placing fees and expenses) from the issue of the Bonds was approximately HK\$48.51 million. Approximately HK\$33.59 million was utilized for financing the new investment and HK\$14.92 million was used on general working capital of the Group.

### **June 2019 Placement**

By 30 June 2019, the Company completed the placing of bonds in aggregate principal amount of HK\$100,000,000 pursuant to the Inside Information Provisions (as defined in the Listing Rules) and Rule 13.09(2)(a) of the Listing Rules. The net proceeds of the Placing (after prepayment of interest of the Bonds and deduction of placing fees and expenses) from the issue of the Bonds was approximately HK\$99 million. Approximately HK\$38 million was utilized for financing the new investment and HK\$53 million was used on general working capital of the Group.

## USE OF PROCEEDS

The Company has conducted the following fund raising activities during the year ended 31 December 2019 and subsequent to end of the reporting period up to the date of this announcement:

<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>
14 May 2019	Placing of Bonds in an aggregate principal amount of up to HK\$50 million	Approximately HK\$48.51 million	Approximately HK\$48.51 million for the development of new business and general working capital use	Approximately HK\$20 million was mainly utilised on MOU deposit for cultural tourism investment; approximately HK\$13.59 million used for capital injection on supply chain business; and approximately HK\$14.92 million was used in operating expenses of the Group.
20 June 2019	Placing of Bonds in an aggregate principal amount of up to HK\$100 million	Approximately HK\$99 million	The net proceeds will use for financing any future investment opportunities as the Company may identify from time to time and to enhance the working capital base of the Group for the continued development opportunity of the Group	HK\$15 million was utilized on MOU on frozen food business; HK\$18 million was utilized on acquisition of Ambre Investing and HK\$5 million was used on capital injection to existing company and approximately HK\$53 million was utilised for general working capital. The rest of balance not utilised yet.

## DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2019 (2018: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW OF UNAUDITED ANNUAL RESULTS**

#### **Revenue**

This represented (loss)/gain on disposal of financial assets at fair value through profit or loss, net fair value change on financial assets at fair value through profit or loss, securities brokerage service income, loan interest income, hotel operation 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, hotel operation and trading and manufacturing of electronic products business remain the continuing business operations of the Group.

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

The negative revenue generated from the operation in securities trading and investment for the reporting year was approximately HK\$12.60 million (2018: negative revenue approximately HK\$41.62 million) and its segmental result reflected a loss of approximately HK\$12.60 million (2018: loss of approximately HK\$41.62 million).

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

Revenue of approximately HK\$25.68 million was generated from the Group's loan financing services business for the reporting period (2018: approximately HK\$41.29 million) and its segmental result recorded a loss of approximately HK\$163.84 million (2018: profit of approximately HK\$39.34 million).

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

Revenue of approximately HK\$2.67 million was generated from the Group's stock broking business for the reporting period (2018: approximately HK\$2.07 million) and its segmental result suffered a loss of approximately HK\$5.70 million (2018: loss of approximately HK\$6.07 million).

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

Revenue of approximately HK\$78.61 million was generated from the Group's electronic trading business for the reporting period (2018: approximately HK\$165.49 million) and its segment result recorded a loss of approximately HK\$12.97 million (2018: a profit of approximately HK\$16.30 million).

### **Hotel operation business**

Revenue of approximately HK\$3.73 million was generated from hotel operation business (2018: approximately HK\$0.99 million) and recorded a loss of approximately HK\$1.79 million (2018: a profit approximately HK\$0.43 million).

### **All other segments business**

Revenue of approximately HK\$0.04 million was recorded from other segments business (2018: Nil) and segmental result suffered a loss of HK\$6.26 million (2018: loss of approximately HK\$2.00 million).

### **Cost of sales**

Cost of sales decreased by approximately HK\$67.33 million, from approximately HK\$141.36 million for 2018 to approximately HK\$74.03 million for 2019. The decrease was mainly caused by the reduction in revenue in 2019 from the trading and manufacturing of electronic products segment.

### **Other Income**

The Group's other income for the reporting year slightly increased to approximately HK\$0.67 million from approximately HK\$0.51 million in year 2018.

### **Administrative Expenses**

The Group's administrative expenses for the reporting year increased to approximately HK\$89.65 million from approximately HK\$49.48 million in the year 2018. Such increase was mainly due to overall increase in salary, rental and professional fee of the holding company and subsidiaries of approximately HK\$40.17 million.

### **Share-based Payments**

None was recorded as share-based payments of the Group for the reporting year regarding the share option scheme granted (2018: approximately HK\$13.31 million).

### **Finance Costs**

The Group's finance costs for the reporting year was HK\$3.98 million (2018: HK\$0.77 million). This was mainly the interest paid on lease and bonds.

### **Impairment loss of loan and interest receivables**

During the reporting year, the Group granted interest-bearing loans to borrowers under the terms 3 to 12 months' periods with aggregate principal amount of approximately HK\$380.75 million (the "Loan Receivables"). The new management considered that the Loan Receivables were overdue beyond their respective expiry dates and no subsequent settlements were received by the Group from the respective borrowers (the "Loan Receivables Defaults"). Under the prudence approach in preparing the financial statements, an impairment loss of loan and interest receivables in the amount of approximately HK\$182.33 million (2018: HK\$Nil) was recognised in the consolidated statement of profit or loss for the year ended 31 December 2019.

In view of the Loan Receivables Defaults, the management has been proactively seeking to recover these Loan Receivables. Demand letters were sent by the legal adviser of the Group to the borrowers of these Loan Receivables ("Loan Receivables Borrowers").

### **Impairment loss of prepayments, deposits and other receivables**

As at 31 December 2019, deposit in the amount of HK\$20 million was outstanding and overdue. Demand letter was sent by the Group to the debtor to demand its immediate repayment, but no settlement was received by the Group despite the demand. Another deposits regarding a memorandum of understanding, in the opinion of management, strongly considers in default by April 2020, so HK\$20 million general provision was provided on the impairment loss on deposits. Under the prudence approach in preparing the financial statements, an impairment loss of deposits and deposits written off in the amount of HK\$40 million (2018: HK\$ Nil) was recognized in the consolidated statement of profit or loss for the year ended 31 December 2019.

### **Loss for the Year and Loss Per Share**

The Group's loss for the reporting year was approximately HK\$294.28 million (2018: a loss of approximately HK\$59.84 million). Such change was mainly due to (i) reduction in interest income of approximately HK\$15.61 million (ii) impairment of loan receivables of approximately HK\$182.33 million (iii) increase in other impairment (prepayments, deposits and other receivables) of approximately of HK\$22.83 million (iv) increase in administrative expenses of approximately HK\$40.17 million (v) changes in revenue of approximately of HK\$14.65 million (vi) absence of share-based payment of approximately HK\$13.31 million (vii) absence of gain on disposal of subsidiaries of approximately HK\$1.20 million (viii) absence of fair value loss on investment properties and increase in share of loss of an associate of approximately HK\$1.19 million and HK\$0.07 million respectively and (ix) increase in finance costs of approximately HK\$3.21 million. Basic loss per share of the Group was approximately HK16.68 cents per share for the year ended 31 December 2019 (2018: basic loss per share approximately HK3.82 cents), while diluted loss per share was approximately HK16.68 cents (2018: basic diluted loss per share approximately HK3.82 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, hotel operation, loan financing services and trading and manufacturing of electronic products.

The Group's consolidated net loss for the year was approximately HK\$294.28 million (2018: net loss of approximately HK\$59.84 million). The consolidated net assets of the Group decreased from approximately HK\$607.99 million as at 31 December 2018 to approximately HK\$327.09 million as at 31 December 2019. The consolidated net loss was mainly attributable to (i) reduction in interest income of approximately HK\$15.61 million (ii) impairment of loan receivables of approximately HK\$182.33 million (iii) increase in other impairment (prepayments, deposits and other receivables) of approximately of HK\$22.83 million (iv) increase in administrative expenses of approximately HK\$40.17 million (v) changes in revenue of approximately of HK\$14.65 million (vi) absence of share-based payment of approximately HK\$13.31 million (vii) absence of gain on disposal of subsidiaries of approximately HK\$1.20 million (viii) absence of fair value loss on investment properties and increase in share of loss of an associate of approximately HK\$1.19 million and HK\$0.07 million respectively and (ix) increase in finance costs of approximately HK\$3.21 million.

## **MAJOR EVENTS**

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

On 29 March 2019, New Winning (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the Tenancy Agreement with Wealth Billion (as landlord) in respect of the Twenty Eight Floor Premises for a term commencing from 1 April 2019 and expiring on 31 December 2021. As such, the entering into of the Tenancy Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement dated 29 March 2019.

The entering into of the Tenancy Agreement will enable the Group to lease a prime location in one of the commercial districts in Hong Kong with convenient access to different districts. Moreover, the amounts payable under the Tenancy Agreement are relatively lower than those in other commercial districts in Hong Kong which will enable the Group to lower its costs.

On 1 April 2019, the board of directors ("the Board") of the Company announced that as certain conditions precedent were not fulfilled or waived on 31 March 2019 and that the Subscribers and the Company have not agreed on any further extension of the Long

Stop Date, the Subscription Agreements have lapsed and become null and void and both the Company and the Subscribers have been released from all obligations under the Subscription Agreements with references made to the followings:

1. Announcement of the Company dated 2 September 2018 in relation to the Subscription Agreements entered into between the Company and the Subscribers, pursuant to which the Company has conditionally agreed to issue and the Subscribers have conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$648 million; and
2. Announcement of the Company dated 31 December 2018 in relation to Supplemental Agreements entered into between the Company and the Subscribers in respect of, inter alia, the extension of the Long Stop Date of the Subscription Agreements and amendment of conditions precedent.

On 1 April 2019, the Board announced that as certain conditions precedent were not fulfilled by 31 March 2019 and the Company and Consultant have not agreed on any further extension of the latest time for fulfilment of the conditions precedent, the Subscription Agreement has lapsed and become null and void and the parties have been released from all obligations thereunder, save for the liabilities for any antecedent breaches thereof with references made to the followings:

1. Announcement of the Company dated 2 September 2018 in relation to, inter alia, the entering into of the: (i) Consultancy Agreement, pursuant to which the Consultant shall, among others, (i) provide financing services and assist the Company to identify suitable investors for financing of not less than HK\$500,000,000, for a term of six (6) months; and (ii) provide consultancy services on acquisition and merger; and (ii) Subscription Agreement, in relation to the issue of Warrants;
2. Supplemental announcement of the Company dated 7 September 2018 in relation to further disclosure of the information regarding the proposed issue of unlisted warrants; and
3. Announcement of the Company dated 31 December 2018 in relation to the entering of an extension letter (the “Extension Letter”), pursuant to which the parties have agreed to the extension of the latest time for fulfilment of the conditions precedent.

On 14 May 2019, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure Placees who (and their ultimate beneficial owners, if applicable) are not connected persons of the Company to subscribe for the Bonds in an aggregate principal amount of up to HK\$50,000,000 within the Placing Period. The net proceeds of the Placing from the issue of the Bonds will be utilized for financing any future investment opportunities as the Company may identify from time to time and general working capital of the Group. The placing was completed on 29 May 2019 with an aggregate principal amount of HK\$49 million.



On 20 June 2019, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure Placees who (and their ultimate beneficial owners, if applicable) are not connected persons of the Company to subscribe for the Bonds in an aggregate principal amount of up to HK\$100,000,000 within the Placing Period. The net proceeds of the Placing from the issue of the Bonds will be utilized for financing any future investment opportunities as the Company may identify from time to time and to enhance the working capital base of the Group for the continued development opportunity of the Group, and such additional funds will also facilitate effective and timely investment in any potential investment when such opportunities arise. The placing was completed on 20 September 2019 with an aggregate principal amount of HK\$99 million.

On 9 July 2019, the Vendor (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, being the entire issued share capital in New Winning (an indirect wholly-owned subsidiary of the Company), at a consideration of HK\$50,000,000.

The Group is principally engaged in securities trading and investment, securities brokerage and provision of securities margin finance, property investment, hotel operation, loan financing services, and trading and manufacturing of electronic products business.

Currently, the Group issues unsecured loans to individual and institutional borrowers in Hong Kong and the PRC through New Winning, being the major operating arm of the loan financing services business of the Group. Upon Completion, the Group shall cease its operations of the loan financing services business. The Directors consider that the recent unstable relationship between the United States and the PRC, the economic and political instabilities in Hong Kong, and the tightening regulatory environment of loan financing industry shall continue to impose uncertainties on the development of the Group's loan financing services business in the near future. In addition, market competition has been growing rapidly with the total number of licensed money lenders in Hong Kong having increased at a cumulative annual growth rate of approximately 13.3% during the five years ended 31 December 2018. Accordingly, considering the nature of the loan portfolio of the Group's loan financing services business, which consist solely of unsecured loans, and the current market conditions, the Directors are of the view that provision of loan financing services may be subject to a relatively high degree of risk in generating a return comparable with its investment activities. On the other hand, the Purchaser is beneficially owned by an investor with previous investment experience in the PRC. The Directors are of the view that the consideration and interest income on the Loan contemplated under the Disposal would provide the Group with relatively lower-risk cash for its investments in the future including the Lamtex Opportunity Fund SPC, an investment fund expected to be launched in August 2019 under the securities brokerage business segment of the Group.



The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole.

Upon Completion, the Company will cease to have any shareholding interest in New Winning, and the financial results of New Winning will no longer be consolidated into the consolidated financial statements of the Group.

However, on 2 January 2020, with reference to the announcements made of Lamtex Holdings Limited (the “Company”) dated 9 July 2019, 30 July 2019, 9 August 2019, 30 August 2019, 13 September 2019, 27 September 2019, 11 October 2019, 25 October 2019, 15 November 2019, 29 November 2019 and 13 December 2019, the Group announced that as not all of the conditions precedent have been fulfilled (or waived by the Purchaser, as the case may be) by the Long Stop Date, the Sale and Purchase Agreement has ceased to have any effect and neither the Vendor nor the Purchaser shall have any obligations and liabilities towards each other subject to the terms and conditions of the Sale and Purchase Agreement. The Company will seek other opportunities and/or other methods to minimize its exposure to uncertainties on the development of the Group’s loan financing services business in the near future.

On 9 July 2019, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the aggregate principal amount of HK\$80,878,680.

Completion is subject to the fulfilment or waiver (as the case maybe) of the Conditions Precedent set out in the Subscription Agreement. Detailed terms of the Subscription Agreement and the Convertible Bonds are set out in the announcement dated 9 July 2019.

The Company intends to use the net proceeds from the issue of Convertible Bonds for financing the investment of a new fund that will be established in the second half of 2019 in the cultural tourism and medical health care sectors.

However, on 21 November, 2019 with reference made dated 9 July 2019 in relation to the issue of the Convertible Bonds and the announcement of the Company dated 4 October 2019 in relation to the extension of the Long Stop Date for the issue of the Convertible Bonds. The Company announced that due the fulfilment of certain conditions precedent under the Subscription Agreement, especially agreement between the Company and Subscriber on the intended use of the net proceeds from the subscription, could not be fulfilled on or before the Long Stop Date. Therefore, the Subscription Agreement has lapsed and terminated and each parties’ respective rights and obligations under the Subscription Agreement has also accordingly ceased.

On 30 July, 2019 the Company entered into a memorandum of understanding (the “MOU”) with Shanghai JZ Equity Investment Fund Management Partnership (L.P.)\* (上海吉喆股權投資基金管理合夥企業 (有限合夥)) (the “Target Company”) in relation to a possible investment by the Company in the Target Company. The current intention of the amount of investment to be made by the Company will not be less than HK\$80 million, subject to the formalization of the formal agreement.

The Target Company is a limited partnership fund set up in 2012 in the People’s Republic of China. It is a general partner to a fund portfolio which invests in, amongst others, the medical health sector and cultural tourism projects in the People’s Republic of China and is responsible for overseeing and managing such fund.

On 30 September, 2019, the Group announced that on 27 September 2019, entered into a strategic cooperation framework agreement with Zhengda Asset Management (Shenzhen) Limited\* (正大資產管理 (深圳) 有限公司) (“Zhengda Asset”), Taiping Life Insurance Company Limited\* (太平人壽保險有限公司) (“Taiping Life Insurance”) and Taiping Poly Investment Management Limited\* (太平保利投資管理有限公司) (“Taiping Poly Investment”) to cooperate in the following areas: 1. Health Projects; 2. Property Investment; 3. Potential acquisition of companies; 4. Real property mezzanine investment; 5. Wealth and asset management.

The Board considers that the entering into of the Agreement will help leverage the strength of the Group and also enable the Group to further expand and diversify its investment portfolio and bring valuable return to its shareholders.

### **Property investment business**

No such business segment in the reporting year (2018: loss of approximately HK\$3.40 million).

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

The segmental loss of approximately HK\$12.60 million was mainly due to the loss on disposal of approximately HK\$17.07 million and net fair value gain on financial assets at fair value through profit or loss of approximately HK\$4.47 million.

### **Loan financing services business**

The segmental loss of approximately HK\$163.84 million was recorded (2018: profit of approximately HK\$39.34 million). This was mainly due to the impairment loss of approximately HK\$182.33 million provided and the corresponding interest income of the overdue and non-renewal loan not accounted for of approximately HK\$18.56 million during the year.

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

The segmental loss of approximately HK\$5.70 million was recorded (2018: loss of approximately HK\$6.07 million). This was mainly due to business faced a lot of competitions, macro economic environment and some related business plans not well on track.

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

The segmental loss of approximately HK\$12.97 million was recorded (2018: profit of approximately HK\$16.30 million). The loss was mainly due to decrease in sales and profit margin caused by Sino-US trade war and world trade tensions.

### **Hotel operation business**

The segmental loss of approximately HK\$1.79 million was recorded (2018: profit of approximately HK\$0.43 million).

## **FUTURE PROSPECTS**

Entering 2020, although China and the United States reached a first-phase agreement for trade relations which eased some trade conflicts, there are still many areas in terms of commerce, intellectual property, and geopolitics remain to be solved. The unexpected outbreak of coronavirus that emerged at the end of 2019 is still threatening. The rapid outbreak and large-scale spread of the epidemic had severe impacts on China and global economy and industries. It is still difficult to assess the adverse impact of the epidemic on world economy.

The Group will aim to continue providing a greater and convenient platform to serve the customers in terms of supply chain; fintech; securities; insurance; funds investment services in Hong Kong and Greater China regions. In the coming years, the Group will focus on:

1. To expand/grow the Group's existing core business sectors.
2. To explore and develop new businesses in related to Cultural Tourism & Elderly Care Service; Fintech & Securities and Supply Chain sectors.
3. Target the company market value to HK\$600 million in short to medium term.

Looking forward, the external economic environment is expected to be in an unstable condition. In view of this, the Group will remain cautious and to constantly review, reinforce and, in appropriate circumstances, restructure its existing business segments in order to maintain its competitiveness. In the meantime, we will pay more attention to economic change and take every chance to identify any suitable investment opportunity including other new business operation in the market for the Group.

Capitalising on Hong Kong's role as a leading financial center for fund raising and asset management, the increasing connectivity of stock and bond with the Mainland China as well as fast-paced development of financial technology as new growth drivers, the Group is prepared to take an active part in new business opportunities in financial services and will also actively explore the possibility of developing assets management and related services.

It is our intention to increase our presence in the financial market in Hong Kong and Mainland China by either organic growth or working with respectable partners in order to bring steady and greater returns for the shareholders.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 December 2019, the Group's bank and cash balances was approximately HK\$56.23 million (2018: approximately HK\$40.25 million), representing a increase of 39.70%. There was other borrowings and bonds of approximately HK\$4.72 million and HK\$148 million respectively as at 31 December 2019 (2018: approximately HK\$5.03 million).

As at 31 December 2019, the current ratio (current assets/current liabilities) was 2.03 times (2018: 10.69 times) and the net current assets amounted to approximately HK\$204.27 million (2018: approximately HK\$500.77 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 (the "Share Option Scheme") 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.

On 8 May 2018, the Company has granted the Options under the Share Option Scheme adopted on 25 May 2012 to certain eligible grantees, which, subject to acceptance by the grantees, will enable the grantees to subscribe for an aggregate of 98,800,000 ordinary shares of the Company of US\$0.005 each in the share capital of the Company as stated in the announcement of the Company dated 8 May 2018. There were 120,630,000 Options outstanding as at 31 December 2019 under the Share Option Scheme.

## **CAPITAL STRUCTURE**

During the period, the allotment and issue of consideration shares for the acquisition of the entire share capital of JMC Investment Limited in February increased the number of issued shares by 31,349,764. Therefore as at 30 June, 2019, the number of the Company's issued shares was increased to 1,769,308,799 shares.

As at 31 December, 2019, the Group's gearing ratio calculated on the basis of bonds and other borrowings was HK\$152.72 million and total equity of approximately HK\$327.09 million which resulted at 46.69% (31 December 2018: Nil).

## **MATERIAL CONTINGENT LIABILITIES**

The Group is not aware of any material contingent liabilities as at 31 December 2019.

## **PLEDGE OF ASSETS**

At the end of the reporting year, the Group had not pledged any assets (2018: 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 2019, the Group had approximately 1,100 (2018: approximately 900) 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 and Code Provision E.1.2.

1. 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 annual general meeting held on 31 May 2019.

2. Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. Due to other important business engagements at the relevant time, the chairman did not attend the annual general meeting held on 31 May 2019.

## **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 2019.

## **AUDIT COMMITTEE**

The audit committee of the Company has discussed with the independent auditor of the Company, Messrs. ZHONGHUI ANDA CPA Limited, regarding the audit status and understands that 1) the auditors are in the process of performing audit procedure; and 2) the auditors is expected to complete their work before the early May 2020.

The Audit Committee had, amongst other things, reviewed the preliminary unaudited annual results of the Group for the Year.

## **EVENT AFTER THE REPORTING PERIOD**

On 18 February 2020, the an indirect wholly owned subsidiary of the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which, the Purchaser has conditionally agreed to purchase the Sale Shares (representing 51% of the entire issued shares of the Target Company) and the Vendor has conditionally agreed to sell the Sale Shares at a consideration of HK\$30,000,000.

The Board is of the view that by entering into the Sale and Purchase Agreement, the Company would be able to expand its business segments and income streams which will generate a stable income, allowing the Company to further enhance its financial position and bring long term value to the Company and return to the Company’s shareholders. With the assistance of the Vendor and his expertise, the Board is confident that this new business stream will be able to deliver a promising return in the near future given the strong track record performance of the group of companies held by the Target Company. The Board is also of the view by acquiring the Sale Shares and retaining the Vendor as a director in the Target Company upon Completion, the Group may build a solid foundation for any future cooperation with the Vendor and develop this new business stream jointly with the Vendor.

Upon Completion, the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group.



## **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 2019.

## **REVIEW OF UNAUDITED ANNUAL RESULTS**

Due to the transportation control implemented and the restrictions in resuming work as a result of the outbreak of COVID-19, the audit work, including but not limited to the confirmation arrangements, site visits and inspections of original and source documents, etc., has experienced a significant delay. For the reasons illustrated above, the auditing process for the annual results for the year ended December 31, 2019 has not been completed as of the date of this announcement. The unaudited annual results contained herein haven't fulfilled as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited results will be made when the auditing process is completed.

## **PUBLICATION OF THE ANNUAL REPORT**

The 2019 annual report of the Company will be despatched to the shareholders of the Company, and will also be made available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.irasia.com/listco/hk/lamtex](http://www.irasia.com/listco/hk/lamtex) in due course.

## **ANNUAL GENERAL MEETING**

The notice of the forthcoming annual general meeting will be issued and despatched to the shareholders of the Company, and will also be made available on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.irasia.com/listco/hk/lamtex](http://www.irasia.com/listco/hk/lamtex) in due course.

## **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 31 December 2019 and the material differences (if any) as compared with the unaudited annual results contained herein; and (ii) circumstances arising from the audit of the Group or financial statements which constitute price sensitive information. In addition, the Company, will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process. The Company expects the auditing process will be completed on or before early of May 2020.

## **APPRECIATION**

On behalf of the Board, my sincere thanks 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.

## **WARNING STATEMENT**

**The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company's auditors. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 31 March 2020

*As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Huang Bin (Chairman), Mr. Wu Xiaolin, Mr. Cheng Tun Nei and Mr. Wen Wenfeng; two Non-Executive Directors, namely Ms. Zang Yanxia and Mr. Pan Xian; and four Independent Non-Executive Directors, namely Mr. Xu Lin, Mr. Li Changhui, Mr. Liu Kam Lung and Mr. Li Ming Guo.*