G-RESOURCES
國際資源

G-Resources Group Limited

國際資源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1051)

FINAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

The board of directors (the "Board") of G-Resources Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	NOTES	**2019 USD'000**	2018 USD'000
Revenue			
Interest income	*3*	**15,648**	20,326
Dividend and distribution income	*3*	**6,930**	10,865
Fee and commission income	*3*	**2,288**	896
Rental income	*3*	**2,244**	2,186
		27,110	34,273
Other income		**15,257**	10,443
Administrative expenses		**(12,038)**	(13,924)
(Loss)/gain on disposal of investments in debt instruments measured at amortised cost		**(334)**	1,549
Fair value changes of financial assets at fair value through profit or loss		**26,427**	8,609
Reversal of expected credit losses on financial assets, net of provision		**248**	268
Gain on disposal of a subsidiary		**–**	93
(Decrease)/Increase in fair value of investment properties		**(5,131)**	10,896
Provision of impairment on non-financial assets	*5*	**(4,327)**	(7,138)
Other (loss)/gain		**(3,879)**	4,181
Finance cost		**(134)**	(644)
Gain on disposal of associates		**313**	–
Share of results of associates		**(20)**	(231)
Profit before taxation		**43,492**	48,375
Taxation	*4*	**6**	(46)
Profit for the year	*5*	**43,498**	48,329
Profit/(loss) for the year attributable to:			
Owners of the Company		**43,566**	48,208
Non-controlling interests		**(68)**	121
		43,498	48,329
Earnings per share			
– Basic and diluted (US cent)	*7*	**0.16**	0.18

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	USD'000	USD'000
Profit for the year	**43,498**	48,329
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**8,173**	(5,606)
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	**4,042**	(5,243)
	12,215	(10,849)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(1,875)**	721
Release of exchange reserve upon disposal of a subsidiary	**–**	(93)
	(1,875)	628
Other comprehensive income/(expenses) for the year	**10,340**	(10,221)
Total comprehensive income for the year	**53,838**	38,108
Total comprehensive income/(expenses) for the year attributable to:		
Owners of the Company	**52,604**	39,312
Non-controlling interests	**1,234**	(1,204)
	53,838	38,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	NOTES	2019 USD'000	2018 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment		**18,218**	18,576
Right-of-use assets		**248**	–
Investment properties		**89,507**	94,095
Financial assets at fair value through profit or loss	*8*	**223,135**	160,612
Financial assets at fair value through other comprehensive income	*8*	**–**	15,852
Investments in debt instruments measured at amortised cost	*8*	**96,564**	121,172
Investments in perpetual notes at fair value through profit or loss	*8*	**58,471**	56,478
Other receivables and deposits	*9*	**793**	789
Interests in associates		**–**	664
Intangible assets		**1,746**	1,746
Goodwill		**17,972**	17,972
		506,654	487,956
CURRENT ASSETS			
Accounts and other receivables	*9*	**12,424**	27,669
Loans receivable		**–**	1,185
Investments in debt instruments measured at amortised cost	*8*	**11,447**	4,147
Financial assets at fair value through profit or loss	*8*	**36,842**	57,189
Tax recoverable		**97**	–
Bank trust accounts balances		**43,467**	28,342
Bank balances and cash		**940,486**	887,070
		1,044,763	1,005,602
Non-current asset classified as held for sale		**–**	10,000
		1,044,763	1,015,602
CURRENT LIABILITIES			
Other borrowings		**–**	13,381
Lease liabilities		**200**	–
Accounts and other payables	*10*	**57,181**	44,213
Tax payable		**22**	490
		57,403	58,084
NET CURRENT ASSETS		**987,360**	957,518
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,494,014**	1,445,474
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**288**	288
Lease liabilities		**54**	–
		342	288
		1,493,672	1,445,186
CAPITAL AND RESERVES			
Share capital	*11*	**34,871**	34,871
Reserves		**1,458,801**	1,406,060
Equity attributable to owners of the Company		**1,493,672**	1,440,931
Non-controlling interests		**–**	4,255
TOTAL EQUITY		**1,493,672**	1,445,186

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019	2018
	USD'000	USD'000
OPERATING ACTIVITIES		
Profit before taxation	**43,492**	48,375
Adjustments for:		
Interest income	**(30,382)**	(28,290)
Depreciation of property, plant and equipment	**504**	2,231
Depreciation of right-of-use assets	**278**	–
Provision of impairment on non-financial assets	**4,327**	7,138
Fair value changes of financial assets at fair value through profit or loss	**(26,427)**	(8,609)
Loss/(gain) on disposal of investments in debt instruments measured at amortised cost	**334**	(1,549)
Reversal of expected credit losses on financial assets, net of provision	**(248)**	(268)
Gain on disposal of a subsidiary	**–**	(93)
Gain on disposal of associates	**(313)**	–
Finance cost	**134**	644
Decrease/(increase) in fair value of investment properties	**5,131**	(10,896)
Share of results of associates	**20**	231
Operating cash flows before movements in working capital	**(3,150)**	8,914
Decrease/(increase) in accounts and other receivables and deposits	**19,786**	(523)
Loans advanced to money lending customers	**–**	(42,057)
Repayments from money lending customers	**1,237**	56,042
Decrease in financial assets at fair value through profit or loss classified as current assets	**24,373**	13,819
(Increase)/decrease in bank trust accounts balances	**(15,124)**	691
Increase/(decrease) in accounts and other payables	**12,976**	(146)
Cash generated from operations	**40,098**	36,740
Income taxes paid	**(558)**	–
Net cash from Operating Activities	**39,540**	36,740

	2019 USD'000	2018 USD'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(36)**	(32)
Purchase of financial assets at fair value through profit or loss classified as non-current assets	**(52,761)**	(40,820)
Purchase of financial assets at fair value through other comprehensive income	**–**	(21,087)
Purchase of investments in debt instruments measured at amortised cost	**(4,701)**	(38,898)
Proceeds from disposal of investments in debt instruments measured at amortised cost	**21,522**	42,691
Proceeds from disposal of financial assets at fair value through profit or loss	**2,000**	51,480
Proceeds from return of capital of financial assets at fair value through profit or loss	**8,861**	9,677
Proceeds from disposal of financial assets at fair value through other comprehensive income	**19,894**	–
Net proceeds from disposal of non-current asset classified as held for sale	**5,073**	–
Proceeds from disposal of property, plant and equipment through disposal of a subsidiary	**–**	12,148
Proceeds from disposal of associates	**957**	–
Net proceeds from disposal of subsidiaries	**–**	37,490
Acquisition of subsidiaries	**–**	(21,124)
Interest received	**26,848**	28,988
Receipt of deferred cash consideration in relation to disposal of mining business	**–**	1,703
Net cash from Investing Activities	**27,657**	62,216
FINANCING ACTIVITIES		
New other borrowings raised	**–**	28,070
Repayment of other borrowings	**(13,378)**	(14,696)
Repayments of leases liabilities	**(272)**	–
Interest expenses paid	**(216)**	(562)
Dividend paid to non-controlling shareholder	**–**	(447)
Acquisition of additional interest in a subsidiary	**(5,352)**	–
Net cash (used in)/from Financing Activities	**(19,218)**	12,365
Net increase in cash and cash equivalents	**47,979**	111,321
Cash and cash equivalents at beginning of the year	**887,070**	780,142
Effect of foreign exchange rate changes	**5,437**	(4,393)
Cash and cash equivalents at end of the year, represented by Bank Balances and Cash	**940,486**	887,070

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and Amendments to Hong Kong Financial Reporting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following new Hong Kong Accounting Standards ("HKAS"s), Hong Kong Financial Reporting Standards ("HKFRS"s), amendments and an interpretation (hereinafter collectively referred to as "New and Revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time.

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

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

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

1.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

Definition of a lease

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

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

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

The Group recognised lease liabilities of USD496,000 and right-of-use assets of USD496,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.125%.

	At 1 January 2019
	USD'000
Operating lease commitments disclosed as at 31 December 2018	**907**
Add: Early termination options reasonably certain not to be exercised	**170**
Less: Recognition exemption – short-term leases	**(558)**
	519
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	**496**
Analysed as	
Current	**271**
Non-current	**225**
	496

The carrying amount of right-to-use assets as at 1 January 2019 related to operating leases recognised upon application of HKFRS 16 was land and building of USD496,000.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 USD'000	Adjustments USD'000	Carrying amounts under HKFRS 16 at 1 January 2019 USD'000
NON-CURRENT ASSETS			
Right-of-use assets	–	496	496
CURRENT LIABILITIES			
Lease liabilities	–	271	271
NON-CURRENT LIABILITIES			
Lease liabilities	–	225	225

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purpose of resource allocation and assessment of segment performance focuses on the nature of their operations and types of products and services provided. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

The Group has three (2018: three) operating business units which represent three (2018: three) operating segments, namely, principal investment business, financial services business and real property business.

(a) **Segment revenue and results**

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

For the year ended 31 December 2019

	Principal investment business USD'000	**Financial services business USD'000**	**Real property business USD'000**	**Total USD'000**
Interest income	**15,190**	**458**	**–**	**15,648**
Dividend and distribution income	**6,930**	**–**	**–**	**6,930**
Fee and commission income	**–**	**2,288**	**–**	**2,288**
Rental income	**–**	**–**	**2,244**	**2,244**
Segment revenue	**22,120**	**2,746**	**2,244**	**27,110**
Segment results	**59,791**	**(2,541)**	**2,279**	**59,529**
Unallocated corporate expenses				**(6,579)**
Decrease in fair value of investment properties				**(5,131)**
Provision of impairment on non-financial assets				**(4,327)**
Profit before taxation				**43,492**

For the year ended 31 December 2018

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
Interest income	17,950	2,376	–	20,326
Dividend and distribution income	8,355	2,510	–	10,865
Fee and commission income	–	896	–	896
Rental income	–	–	2,186	2,186
Segment revenue	26,305	5,782	2,186	34,273
Segment results	47,315	1,466	2,186	50,967
Unallocated corporate income				3,311
Unallocated corporate expenses				(9,661)
Increase in fair value of investment properties				10,896
Provision of impairment on non-financial assets				(7,138)
Profit before taxation				48,375

Segment results represent the profit or loss earned, generated or incurred by each segment without allocation of central administration costs, corporate income, increase in fair value of investment properties and provision of impairment on non-financial assets. This is the measure reported to the executive directors of the Company for the purposes of resources allocation and assessment of segment performance.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating and reportable segment is as follows:

At 31 December 2019

	Principal investment business USD'000	**Financial services business USD'000**	**Real property business USD'000**	**Total USD'000**
ASSETS				
Segment assets	**1,258,298**	**184,163**	**89,700**	**1,532,161**
Unallocated corporate assets				**19,256**
Total assets				**1,551,417**
LIABILITIES				
Segment liabilities	**112**	**45,955**	**810**	**46,877**
Liabilities relating to discontinued operation				**9,839**
Unallocated corporate liabilities				**1,029**
Total liabilities				**57,745**

At 31 December 2018

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Total USD'000
ASSETS				
Segment assets	1,279,917	100,502	94,310	1,474,729
Unallocated corporate assets				28,829
Total assets				1,503,558
LIABILITIES				
Segment liabilities	121	46,552	805	47,478
Liabilities relating to discontinued operation				9,839
Unallocated corporate liabilities				1,055
Total liabilities				58,372

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

- all assets are allocated to operating segment other than certain property, plant and equipment, other receivables and non-current asset classified as held for sale.
- all liabilities are allocated to operating segment other than certain other payables.

(c) Other segment information

For the year ended 31 December 2019

	Principal investment business USD'000	**Financial services business USD'000**	**Real property business USD'000**	**Unallocated USD'000**	**Total USD'000**
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	**–**	**57**	**–**	**8**	**65**
Additions to financial assets at fair value through profit or loss	**52,761**	**–**	**–**	**–**	**52,761**
Additions to investments in debt instruments measured at amortised cost	**4,701**	**–**	**–**	**–**	**4,701**
Depreciation of property, plant and equipment	**–**	**(26)**	**–**	**(478)**	**(504)**
Depreciation of right-to-use assets	**–**	**(278)**	**–**	**–**	**(278)**
Finance cost	**–**	**(134)**	**–**	**–**	**(134)**
Share of results of associates	**–**	**(20)**	**–**	**–**	**(20)**
Fair value change of financial assets at fair value through profit or loss	**26,427**	**–**	**–**	**–**	**26,427**
Loss on disposal of investments in debt instruments measured at amortised cost	**(334)**	**–**	**–**	**–**	**(334)**
Interest income (including interest on bank deposits)	**30,023**	**817**	**–**	**–**	**30,840**

For the year ended 31 December 2018

	Principal investment business USD'000	Financial services business USD'000	Real property business USD'000	Unallocated USD'000	Total USD'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets (Note)	–	19,745	–	5	19,750
Additions to financial assets at fair value through profit or loss	40,820	83	–	–	40,903
Additions to financial assets at fair value through other comprehensive income	–	21,087	–	–	21,087
Additions to investments in debt instruments measured at amortised cost	38,898	–	–	–	38,898
Depreciation of property, plant and equipment	–	(15)	–	(2,216)	(2,231)
Finance cost	–	(644)	–	–	(644)
Share of results of associates	–	(231)	–	–	(231)
Fair value change of financial assets at fair value through profit or loss	8,605	4	–	–	8,609
Gain on disposal of investments in debt instruments measured at amortised cost	1,549	–	–	–	1,549
Interest income (including interest on bank deposits)	28,270	2,396	–	–	30,666

Note: Non-current assets excluded financial assets at fair value through profit or loss ("financial assets at FVTPL") , financial assets at fair value through other comprehensive income ("financial assets at FVTOCI"), investments in debt instruments measured at amortised cost, and other receivables and deposits.

(d) Geographical information

The following table sets out (i) information about the geographical location of the Group's revenue from external customers determined based on the location of financial products, the location of financial services business operated and location of properties in the case of rental income and (ii) information of the non-current assets by the geographical area in which the assets are located are detailed below:

	Segment revenue		Non-current assets excluding financial instruments	
	2019	2018	**2019**	2018
	USD'000	USD'000	**USD'000**	USD'000
Singapore	**2,542**	3,760	**–**	–
Hong Kong	**16,970**	20,839	**127,691**	133,053
United States of America	**659**	643	**–**	–
Europe	**5,879**	5,423	**–**	–
Others	**1,060**	3,608	**–**	–
	27,110	34,273	**127,691**	133,053

Note: Non-current assets excluded financial assets at FVTPL, financial assets at FVTOCI, investments in debt instruments measured at amortised cost, and other receivables and deposits.

(e) Information about major customers

For the year ended 31 December 2019, no single customer contributed over 10% of the total revenue (2018: nil).

3. REVENUE

The following is an analysis of the Group's revenue from its major products and services:

	2019	2018
	USD'000	USD'000
Interest income from financial products	**5,335**	10,069
Interest income from money lending business	**7**	1,142
Interest income from margin financing	**451**	1,234
Interest income from financial institutions' term deposits	**9,855**	7,881
Interest income	**15,648**	20,326
Dividend and distribution income from financial products	**6,930**	10,865
Commission income and handling charges from financial services	**1,903**	896
Asset management fee income	**385**	–
Fee and commission income	**2,288**	896
Rental income	**2,244**	2,186
	27,110	34,273

The Group's performance obligations in contracts with customers in accordance with HKFRS 15 are set out below:

Commission income and handling charges from financial services

The Group provides financial services to customers which mainly include securities trading, underwriting, asset management and placing services. Such service income is recognised at a point in time when the performance obligation is satisfied.

4. TAXATION

	2019	2018
	USD'000	USD'000
Current tax – Hong Kong Profits Tax		
Charge for the year	**–**	96
(Over)/under-provision in prior year	**(6)**	14
Deferred tax	**–**	(64)
Taxation for the year	**(6)**	46

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

5. PROFIT FOR THE YEAR

	2019	2018
	USD'000	USD'000
Profit for the year has been arrived at after charging/(crediting):		
Staff costs		
– Directors' emoluments	**922**	1,416
– Other staff costs	**5,119**	2,844
– Contributions to retirement benefits schemes, excluding directors	**264**	84
Total staff costs	**6,305**	4,344
Auditors' remuneration	**177**	199
Depreciation of property, plant and equipment	**504**	2,231
Depreciation of right-to-use assets	**278**	–
Operating lease payments in respect of office premises and warehouse	**–**	803
Provision of impairment on non-financial assets:		
– Assets held for sale	**4,327**	–
– Property, plant and equipment	**–**	5,159
– Goodwill	**–**	1,466
– Intangible assets	**–**	513
	4,327	7,138
Exchange loss/(gain), net, included in other loss/(gain)	**3,879**	(4,181)
Interest income, included in revenue and other income	**(30,840)**	(30,666)

6. DIVIDEND

No dividend for the years ended 31 December 2018 and 2019 was declared, proposed, or paid for ordinary shareholders of the Company during the years of 2018 and 2019 and since the end of the reporting period.

7. EARNINGS PER SHARE

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

	2019 USD'000	2018 USD'000
Profit for the year attributable to owners of the Company, for the purposes of basic and diluted earnings per share	**43,566**	48,208

	Number of shares 2019	Number of shares 2018
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**27,048,844,786**	27,048,844,786

8. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTISED COST/FINANCIAL ASSETS AT FVTPL/FINANCIAL ASSETS AT FVTOCI/INVESTMENTS IN PERPETUAL NOTES AT FVTPL

	2019 USD'000	2018 USD'000
Investments in debt instruments measured at amortised cost		
Debt securities listed outside Hong Kong		
Fixed Rate Senior Notes (Notes a, b, c)	**76,067**	90,218
Floating Rate Senior Notes (Notes a, b, e)	**32,065**	35,434
Less: Expected credit losses (Note a)	**(121)**	(333)
	108,011	125,319
Less: Investments in debt instruments measured at amortised cost classified as current assets	**(11,447)**	(4,147)
Investments in debt instruments measured at amortised cost classified as non-current assets	**96,564**	121,172
Financial assets at FVTPL classified as non-current assets		
Unlisted securities		
Managed investment funds (Note f)	**–**	889
Unlisted security investments (Note g)	**223,135**	159,723
	223,135	160,612
Investments in perpetual notes at FVTPL		
Floating Rate Perpetual Notes, listed outside Hong Kong (Note d)	**58,471**	56,478
Financial assets at FVTOCI		
Hong Kong listed equity securities (Note h)	**–**	15,852
Financial assets at FVTPL classified as current assets		
Hong Kong listed equity securities (Note h)	**36,842**	57,189

Notes:

(a) The Group's investments in debt instruments measured at amortised cost mainly comprise instruments that have a low risk of default and the counterparties have a strong capacity to repay (e.g. financial instruments that are of investment grade or issuer with good credit history and capacity to repay etc).

(b) During the year ended 31 December 2019, three of the Fixed Rate Senior Notes matured, two of the Fixed Rate Senior Notes were sold and partially sold, one of the Fixed Rate Senior Notes and one of the Floating Rate Senior Notes were being called (2018: one of the Senior Notes was sold, two of the Senior Notes were redeemed and partially redeemed). The loss on disposal including redemption of investments in debt instruments measured at amortised cost was USD334,000 (2018: gain on disposal of USD1,236,000).

(c) Senior Notes held by the Group bear a fixed coupon interest rate of ranging from 2.375% to 7.5% (2018: from 2.375% to 8.5%) per annum and with maturity dates from 24 January 2020 to 13 November 2024 (2018: from 4 June 2019 to 13 November 2024).

(d) Perpetual Notes held by the Group bear a floating rates of interest ranging from 4.5% to 7.625% (2018: from 4.5% to 7.625%) per annum and are callable from 30 March 2021 to 16 May 2025 (2018: from 23 September 2019 to 16 May 2025). The interest rates are subject to change at reset day with reset rate ranging from 2.648% to 7.773% (2018: from 2.648% to 7.773%) plus mid-market swap rate or USD 5 years mid-swap rate or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or 3 months USD LIBOR or semi-annual USD 5 years mid-swap rate. Given the market conditions in 2019, the Group has reconsidered the terms and conditions of the perpetual notes and reevaluated the measurement basis of these investments in perpetual notes, which were measured at amortised cost for the year ended 31 December 2018. The Group decided to change the measurement basis on these investments to the financial assets at FVTPL by considering the perpetual notes as equity instruments in nature, which also present the performance of and reflect the investment strategy in these investments. Such a change did not have material impact on the consolidated financial statements. During the year ended 31 December 2019, one of the Perpetual Notes was being called (2018: one of the Perpetual Securities were sold).

(e) Senior Notes held by the Group bear a floating rate of ranging from 3.887% to 5% (2018: from 3.887% to 5%) per annum and with maturity dates from 10 August 2021 to 9 November 2047 (2018: from 10 August 2021 to 9 November 2047). The interest rate is subject to change at reset day with reset rate ranging from 1.400% to 3.472% (2018: from 1.400% to 3.472%) plus 3 months USD LIBOR or the prevailing yield for U.S. Treasury Securities at a constant maturity having a designated maturity of 5 years or USD 5 years mid-swap rate.

(f) As at 31 December 2018, the Group held one unlisted investment fund which is managed by a financial institution and invests in real estate properties. The fair value of the real estate properties is determined by the market transaction prices of similar properties of the relevant locations. During the year ended 31 December 2019, the unlisted investment fund was closed. The Group received a return of capital from the unlisted investments fund of USD889,000 (2018: nil) plus distribution of nil (2018: USD113,000). During the year ended 31 December 2018, three of the unlisted investment funds with carrying value amounting to USD45,209,000 were disposed of. During the year ended 31 December 2018, a decrease in fair value of USD2,009,000 (2019: nil) was recognised in the profit or loss.

(g) As at 31 December 2019, the unlisted security investments classified as financial assets at FVTPL include unlisted investment funds, an unlisted debt investment and an unlisted equity investment with carrying value of USD141,097,000, USD34,646,000 and USD47,392,000 (2018: USD129,723,000, nil and USD30,000,000), respectively. In accounting for the fair value measurement of the investment in unlisted investment funds, the management of the Group has determined that the reported net asset values of the unlisted investment funds provided by the general partners represented the fair values of the unlisted investment funds. The management of the Group valued the fair value of the investments held in the investment funds pursuant to the reported net asset values without adjustment. The general partners used methodology based on relevant comparable data whenever possible to quantify the adjustment from cost or latest financing price when adjustment is necessary, or to justify that cost or latest financing price is still a proper approximation of fair value of the underlying investments held by the investment funds in determining the net asset value. The factors to be considered in the general partners' assessment may require the exercise of judgment. The underlying investments held by the investment funds were valued using transaction prices or latest finance price without adjustment.

In estimating the fair value of the unlisted debt investment and the unlisted equity investment, the Group engages an independent valuer to perform the valuation that is reviewed by the management of the Group. The independent valuer utilised the market approach and the valuation method used is the Enterprise Value Multiples Methodology, adjusted for consideration of lack of marketability discount and applied equity allocation model (2018: valuation method used is the Enterprise Value Multiples Methodology, adjusted for consideration of discount for lack of marketability).

As at 31 December 2019, three (2018: one) out of these five (2018: four) unlisted security investments accounted for 95% (2018: 78%) of the aggregate carrying value, with the investment portfolio is focused in unlisted equity investments in technology, media and telecommunications industry and healthcare industry (2018: unlisted equity investments in technology, media and telecommunications industry).

During the year ended 31 December 2019, an increase in fair value of USD18,622,000 (2018: USD18,186,000) was recognised in the profit or loss. During the year ended 31 December 2019, the Group received returns of capital of USD7,972,000 (2018: USD9,677,000) and plus distribution of USD929,000 (2018: USD5,798,000) from two (2018: three) of its unlisted securities investments. During the year ended 31 December 2018, six of the unlisted security investments of USD43,761,000 was disposed.

(h) The fair value is determined based on the closing price per share quoted on the Hong Kong Stock Exchange and quoted market bid price as at the end of the respective reporting periods apart from the shares which were suspended from trading as described below.

The Hong Kong listed equity investments classified as FVTOCI amounting to USD15,852,000 as at 31 December 2018 represented ordinary shares of certain entities listed in Hong Kong. These investments were not held for trading, instead, they were held for long-term strategic purposes. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

During the year ended 31 December 2019, the Hong Kong listed equity investments classified as FVTOCI were disposed of with, a consideration amounting to USD19,894,000 which was also the fair value as at the date of disposal. The management of the Group was of the view that such investments (including their business development and management stability) were no longer in line with the Group's inceptive expectation and investment objective and decided to make such disposal. A cumulative loss on disposal of USD1,200,000 has been transferred to retained earnings.

As at 31 December 2019, the fair value of one of the financial assets at FVTPL, being shares suspended from trading, was estimated to be nil (2018: USD7,138,000). As there was an absence of quoted prices for the shares which was suspended for trading, the fair value was determined by valuation conducted by an independent valuer. The fair value was estimated based on the lastest publicly available financial information of the issuer including the unaudited net asset values of the investee group and applied asset-based approach determined by valuation conducted by an independent valuer. The independent valuer conducted researches and estimated the liquidation value of the investee group, taking into account the prolonged duration of the suspension from trading of shares. The fair value of the investee group is assessed as nil as at 31 December 2019. (2018: The fair value was estimated based on the last market bid price before suspension and adopt a discount for lack of marketability.)

9. ACCOUNTS AND OTHER RECEIVABLES AND DEPOSITS

	2019 **USD'000**	2018 USD'000
Accounts receivables from the business of dealing in securities:		
Clients (Note b)	**2,972**	11,229
Clearing house and brokers	**1,626**	3,232
Accounts receivables from the business of dealing in futures contracts:		
Clearing house and brokers	**512**	705
Accounts receivables (Note a)	**5,110**	15,166
Other receivables and deposits (Note d)	**8,125**	13,294
Less: Impairment allowance (Note c)	**(18)**	(2)
	13,217	28,458
Less: Other receivables and deposits classified as non-current assets	**(793)**	(789)
Accounts and other receivables classified as current assets	**12,424**	27,669

Notes:

(a) Accounts receivables from clearing house and certain clients from the business of dealing in securities is repayable on the settlement date, which is two business days after trade date, except for the remaining accounts receivables from the business of dealing in securities and futures contracts are repayable on demand. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of these businesses.

(b) Majority of the accounts receivables form clients are secured by clients' securities as collaterals with fair value of USD31,267,000 (2018: USD55,310,000). Significant portion of the collaterals are listed equity securities in Hong Kong. These receivables are mainly repayable on demand subsequent to settlement date and carry interest typically at 3% to 11.25% (2018: 1.875% to 12.25%) per annum as at 31 December 2019. The collateral held can be sold at the Group's discretion to settle any outstanding amount owed by customers. No ageing analysis is disclosed as, in the opinion of the directors of the Company, an ageing analysis does not give additional value in view of the nature of the business.

(c) Impairment assessment on accounts and other receivables with ECL model

As part of the Group's credit risk management, the Group applied internal credit rating for its customers and considers the fair value of its collateral. The Group assessed the ECL for accounts receivables form clients individually.

The Group held collateral of listed equity securities with a fair value of USD31,267,000 (2018: USD55,310,000) at the end of the reporting period in respect of accounts receivables from clients. No impairment allowance has been made for accounts receivables from clients with an aggregate outstanding balance of USD2,627,000 (2018: USD11,197,000) based on the Group's impairment assessment with ECL model.

(d) Included in other receivables and deposits are interest receivables and sundry deposits amounting to USD5,805,000 and USD1,210,000 (2018: USD1,347,000 and USD1,201,000), respectively.

10. ACCOUNTS AND OTHER PAYABLES

	2019 **USD'000**	2018 USD'000
Accounts payables from the business of dealing in securities:		
Clients	**43,478**	30,563
Brokers	**3**	–
Accounts payables from the business of dealing in futures contracts:		
Clients	**1,329**	1,371
Accounts payables (Note a)	**44,810**	31,934
Other payables (Note b)	**12,371**	12,279
	57,181	44,213

Notes:

(a) Accounts payables to clients mainly include money held in banks, brokers and clearing house on behalf of customers from the business of dealing in securities and futures contracts. The majority of the accounts payables from the business of dealing in securities and futures contracts are repayable on demand except for certain accounts payables from the business of dealing in securities are repayable on settlement date, which is two business days after trade date. No ageing analysis is disclosed for the accounts payables from the business of dealing in securities and futures contracts as, in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

(b) As at 31 December 2019, included in other payables are USD9,839,000 (2018: USD9,839,000) relating to the liabilities arising from the disposal of mining business during the year ended 31 December 2016.

11. SHARE CAPITAL

	Number of shares	Value USD'000
Authorised:		
Ordinary shares of HKD0.01 each		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**60,000,000,000**	76,923
Issued and fully paid:		
Ordinary shares of HKD0.01 each		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**27,048,844,786**	34,871

12. OTHER COMMITMENTS

At the end of the reporting period, the Group had the following other commitments:

	2019 USD'000	2018 USD'000
Other commitments contracted for but not provided for in the consolidated financial statements in respect of committed capital contribution in unlisted security investments which are recognised as financial assets at FVTPL	**109,945**	120,814

13. EVENT AFTER THE REPORTING PERIOD

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment. Up to the date of these financial results, COVID-19 has not resulted in material impact to the Group. Pending on the development and spread of COVID-19 subsequent to the date of these financial results, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these financial results. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

DIVIDENDS

The Board has resolved not to declare any final dividend for the year ended 31 December 2019 (the "Year").

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Results

Below is a summary of the financial information:

	2019	2018
	USD'000	USD'000
Revenue	**27,110**	34,273
Other income	**15,257**	10,443
Administrative expenses	**(12,038)**	(13,924)
Fair value changes of financial assets at FVTPL	**26,427**	8,609
(Decrease)/increase in fair value of investment properties	**(5,131)**	10,896
Other (loss)/gain	**(3,879)**	4,181
Provision of impairment on non-financial assets	**(4,327)**	(7,138)
EBITDA	**44,408**	51,250
Profit before taxation (Note)	**43,492**	48,375
Profit for the year	**43,498**	48,329
Analysis of revenue by operating segment:		
(i) Principal Investment Business	**22,120**	26,305
(ii) Financial Services Business	**2,746**	5,782
(iii) Real Property Business	**2,244**	2,186
Analysis of profit/(loss) before taxation by operating segment:		
(i) Principal Investment Business	**59,791**	47,315
(ii) Financial Services Business	**(2,541)**	1,466
(iii) Real Property Business	**2,279**	2,186

Note: The profit before taxation included segment result, unallocated corporate expenses, impairment loss on non-financial assets and fair value changes of investment properties.

For the Year, the Group achieved a net profit after tax of USD43.5 million (2018: USD48.3 million). The main reason for the decrease in net profit after tax by USD4.8 million as compared to the year of 2018 was due to the combined effect of the following: (i) the decrease in fair value of investment properties in 2019 by USD5.1 million and the increase in fair value of investment properties in 2018 of USD10.9 million, (ii) the unfavourable combine effect in the exchange difference between 2018 and 2019 by USD8.1 million included in other loss/gain, and (iii) decrease in revenue by USD7.2 million which was partially offset by (i) the increase in fair value changes for financial assets at FVTPL by USD17.8 million; (ii) increase in other income by USD4.8 million; and (iii) decrease in administrative expenses by USD1.9 million.

Revenue was USD27.1 million (2018: USD34.3 million), mainly generated by the dividend and distribution income as well as interest income from financial products; rental income; and interest income from financial institutions, margin financing and money lending business. The decrease in revenue was mainly due to (i) decrease in dividend and distribution income and interest income from financial products under principal investment business by USD6.2 million as a result of a decrease in realised gain from our unlisted security investments; and (ii) no dividend and distribution income from financial products under financial services business (2018: USD2.5 million) as the investment was disposed during the Year and no dividend and distribution income was declared or paid before such disposal.

Fair value of the investment properties has dropped by USD5.1 million due to the prices of Hong Kong housing and commercial properties declined in 2019. The recognition of exchange loss of USD3.9 million was due to the change in exchange rate for the year end balance for the Year. The increase in fair value changes for financial assets at FVTPL was mainly due to the net increase in fair value of the listed shares, listed bonds and unlisted security investments which were acquired in previous years. Other income increased by USD4.8 million was due to an increase of interest income under the Group's fixed income investment.

Administrative expenses was USD12.0 million for the Year, a decrease of USD1.9 million as compared with USD13.9 million for the corresponding year. Such decrease was mainly due to (i) the disposal of non-current asset classified as held for sale which led to a decrease in depreciation and ancillary expense; and (ii) effective expense control of the Group for the Year.

General description on the Group's investment strategies

The Group has been continuously reviewing its business and investment strategies, especially for its principal investment business pursuant to the Group's financial needs and change of financial circumstances. The Group generates profit from interest income, dividend income and distribution income from financial assets held by the Group in its principal investment business. The Group takes a prudent approach in allocating its financial assets. Apart from equity investments which are usually accompanied by higher market risks, the Group has been exploring for different fixed income investment portfolios as part of its assets allocation plan, including the selection of fixed income assets and the vehicles the Group uses to access them.

Since 2018, in consideration of the trend of interest rate, risk tolerance, capital preservation, liquidity and yield, the Group constructed its fixed income investment portfolios by pairing its bond investment with cash investment. The Group believes that a strong fixed income component serves as a safety net for the Group's overall investment portfolios.

The Group has allocated approximately 40% of its financial assets to fixed income investment, divided equally between bond investment and cash investment (including term deposits with financial institutions), as part of its on-going investment strategies to eliminate the impact from market fluctuations that are seen typical in equity investment.

(i) Principal Investment Business

During the Year, the Group invested approximately USD57.5 million in listed and unlisted financial assets, which were mainly additional holding of Edge Special Opportunity Limited, one of our unlisted security investments of USD33.9 million and payment for a commitment of the unlisted security investments of USD18.9 million under the funds subscribed by the Group since 2017, namely Genesis Capital I LP, Genesis Capital II LP and Terra Magnum Fund I LP. Other than the abovementioned reasons, the net increase of USD22.7 million in non-cash financial assets was primarily due to the return on capital investment generated from the unlisted security investments and the realised and unrealised fair value gain on the listed shares and unlisted security investments acquired in previous years.

The profit before taxation was USD59.8 million which included interest income and dividend and distribution income from the financial assets of USD37.0 million, fair value changes for financial assets at FVTPL of USD26.4 million, and offset by exchange loss of USD3.3 million.

As at 31 December 2019, the Group held approximately USD426.5 million non-cash financial assets, as follows:

	2019 **USD'000**	2018 USD'000
Listed shares	**36,842**	57,189
Listed bonds	**166,482**	181,797
Unlisted managed investment funds	**–**	889
Unlisted security investments	**223,135**	159,723
Total	**426,459**	399,598

Significant Investments

Genesis Capital I LP ("Genesis Fund")

The Group held limited partner interest of Genesis Fund as an unlisted security investment since April 2017. The diversified investment portfolio of the Genesis Fund operates in the form of a limited partnership, yielding returns from investing in a wide range of equity and equity-related securities of growth and late-stage technology entities. The Group's capital commitment to Genesis Fund accounts for 17.8% of total partners' capital commitment as at 31 December 2019. The fair value of the investment as at 31 December 2019 was USD130.4 million, which accounted for 8.4% of the total assets of the Group as at 31 December 2019. The investment costs of Genesis Fund is USD82.8 million.

Genesis Fund has achieved income generation and seen capital appreciation during the nearly three years' time since our investment in April 2017. For the Year, the unrealised gains of the investment was USD1.2 million. Moving forward, the Group is optimistic about the potential of this investment. It is expected that the information technology for both consumer and enterprise sectors in China will continue to grow in fast pace under a new wave of innovations which will create new Internet platforms with great potential for developments, and thus present rewarding investment opportunities. Although the growth rate may slightly slow down due to the recent outbreak of coronavirus pandemic, the Group can still benefit from this investment in long run under the massive digitisation support by the information technology development in China. Being a limited partner of Genesis Fund, based on the proven track record, the Group believes that by leveraging the strategic and extensive resources available and extensive experience in investment and fund operation in the technology, media and telecommunications industry possessed by Genesis Fund's management team, the investment will continue to bring about valuable investment opportunities and increasing financial returns.

Edge Special Opportunity Limited ("Edge Special")

The Group held ordinary shares and preferred shares interest of Edge Special as unlisted security investments. Edge Special is an investment holding company which owns 19.6% interests of SSC Holdco Limited ("SSC"), which is a company incorporated in the Cayman Islands holding interests in medical device business. The total issued share capital of Edge Special consists of 50,000 special shares, 30,000 ordinary shares and 34,000 preferred shares. The Company is the ultimate sole owner of the entire issued ordinary shares and preferred shares as at 31 December 2019. The fair value of the ordinary shares and preferred shares as at 31 December 2019 were USD47.4 million and USD34.6 million, respectively, which accounted for 5.3% of the total assets of the Group as at 31 December 2019 in aggregate. The investment costs of the ordinary shares and preferred shares were USD30.0 million and USD33.9 million, respectively.

Edge Special has seen capital appreciation since our initial investment in February 2017 and follow-on investment in November 2019. For the Year, the unrealised gains of the investment in the ordinary shares and preferred shares of Edge Special were USD17.4 million and USD0.7 million, respectively. Moving forward, the Group is optimistic about the potential of this investment and believes it will continue to create financial returns. SCC holds the entire equity interest in Angiotech Pharmaceuticals, Inc ("API"), a pharmaceutical company incorporated under the laws of British Columbia. API is a diversified medical device manufacturer of branded, private label and OEM products, which has manufacturing facilities in England, Puerto Rico, Mexico and Germany, and covers markets across the United States, European Union and China. With the rising geriatric population and the growing prevalence of chronic conditions, along with growth in surgical procedures and complex surgeries, the Group has a positive outlook of the healthcare industry, especially the booming of the medical devices market.

Except for the investment disclosed above, there was no other single investment (for example, financial assets at FVTPL and investments in debt instruments measured at amortised cost) in the Group's diversified investment portfolio that was considered a significant investment, given that none of the investments has a carrying amount accounting for more than 5% of the Group's audited total assets as at 31 December 2019.

(ii) Financial Services Business

The Group focuses on the four key financial services business areas mainly in the Hong Kong market, which are (i) securities trading and brokerage, (ii) margin financing, (iii) money lending, and (iv) asset management. The Group's financial service business mainly focuses on the Hong Kong market. Since the acquisition of Funderstone Securities Holdings Limited ("FSHL") (formerly known as Lippo Securities Holdings Limited) and its subsidiaries ("FSHL Group") by the Group in December 2018, the Group's existing businesses in the financial services industry operated by Enhanced Financial Services Group Limited ("Enhanced Financial"), which has become our wholly-owned subsidiary of the Company since May 2019, were complemented. Both Enhanced Financial and FSHL are involved in the provision of licensed financial services, which principally include underwriting, securities and futures brokerage, corporate finance, investment advisory, and other related financial services in Hong Kong and other countries.

Under the unfavourable global environment and the Hong Kong economy, the Group has decided to adopt a transformation plan for our margin financing and money lending business in 2019. After assessing the capital optimisation, risk-framework development, regulatory management, possibility of non-performing loans, credit controlling and stress testing, the Group has further diversified product offerings (including the provision of secured and mortgage loans and initial public offerings ("IPO") margin financing) and leveraged the client base generated from the acquisition of FSHL Group as well as identified high-quality new client base. On the other hand, the Group has set a more stringent risk control and management system, including the tightened measures imposed by the Securities and Futures Commission ("SFC") regarding the securities margin financing activities, optimised loan approval and monitoring procedures, as well as adjusted interest rate and loan-to-value ratio, which allow us to be better structured to serve our existing and new clients and minimise the Group's risk exposure.

Revenue generated from the financial services business mainly consists of (i) commission income and handling charges from financial services; (ii) interest income from money lending business and margin financing; and (iii) asset management fee income.

The loss before taxation was USD2.5 million (2018: profit before taxation: USD1.5 million), which was mainly due to the decrease in dividend and distribution income from financial assets as the investment was sold during the Year and the increase in operating cost after the acquisition of FSHL Group.

Commission income and handling charges

During the Year, the commission income and handling charges from financial services was USD1.9 million (2018: USD0.9 million). The increase is mainly due to an increase in the number of clients and trading volume due to the acquisition of FSHL Group in 2018.

Interest income from money lending and margin financing business

The interest income from money lending business and margin financing was USD0.5 million (2018: USD2.4 million). The deteriorating property markets and unfavorable business environment led to erosion of willingness of our target clients to obtain money lending services from the Group during the Year. Our margin financing business has been affected in 2019 by the tightening regulations and change in our clients' approach on their investment strategies caused by the downward momentum on the financial market. Further, the transformation plan also had certain impact on the composition of our target client base.

The interest income from money lending business dropped by USD1.1 million compared to 2018. As at 31 December 2018, all the loans receivable of the Group was unsecured. Pursuant to the transformation plan adopted in early 2019, the Group ceased to provide unsecured loan which it considered is of higher credit risk, and thus, the Group's money lending vehicle was adjusted to mainly involve provision of secured and mortgage loan since second quarter of 2019. Although a lower interest rate will be offered for secured loans as they are backed by collateral, the credit risk is comparatively lower than that of unsecured loans. The Group will persist with a prudent approach in developing our money lending business to achieve a risk-gain balance. The Group has not lent out any loan to money lending customers during the Year and there was no outstanding loan balance as at 31 December 2019. The Group received USD1.2 million repayments with no bad debts during the Year.

The interest income from margin financing dropped by USD0.7 million compared to 2018. The accounts receivables from clients under the business of dealing in securities and futures contracts was USD3.0 million (2018: USD11.2 million). The general downward pressure on the markets, as well as unforeseen and violent social unrests, many investors have adopted a "wait and see" approach. The Group has experienced a significant drop in the interest income from margin financing in mid-2019 but it bounced back by end of 2019 under our implementation of transformation plan with an introduction of IPO margin financing in October 2019, including but not limited to, announcing competitive interest rate and margin ratio, introducing account executive incentive scheme.

Asset management fee income

During the Year, the asset management fee income was USD0.4 million (2018: nil). Such increase was mainly due to the acquisition of FSHL Group with its asset management business which the Group did not operate prior to its acquisition of FSHL Group.

Other dividend and distribution income

During the Year, the dividend and distribution income from financial assets was nil (2018: USD2.5 million) and the decrease was due to the disposal of such financial assets. Such dividend and distribution income was derived from securities held by reason of our type 1 regulated activities which was ancillary and incidental to our financial service business.

(iii) Real Property Business

The Group had three floors of commercial office (including 17th, 18th and 19th floor) and ten car parks located in Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong. The commercial offices are used as our head office and leased to third parties for office use under a lease of not more than three years. The rental income earned and the profit before taxation were USD2.2 million and USD2.3 million (2018: USD2.2 million and USD2.2 million) for the Year, respectively.

The Group has been seeking for investment opportunities for quality and upscale commercial properties and other types of properties. Apart from properties in Hong Kong, the Group was seeking investment opportunities in other regions, including North America and European countries, and also exploring opportunities to gain exposure to Grade A office spaces and business parks in Greater Bay Area (i.e. Shenzhen and Guangzhou). Hong Kong's commercial property market has entered a downward cycle and a post-peak phase due to the US-China trade war and the local political uncertainties in 2019 and the performance of the commercial property market in Greater Bay Area was uncertain. Taking into account (i) the office prices and rents; (ii) the demand of commercial properties was subdued as a number of tenants have withdrawn expansion plans; and (iii) the new lettings in the overall market have dropped in 2019 as compared to 2018, the Group did not identify properties which are suitable for our value-add or opportunistic investment strategies.

Review of Group Financial Position

	2019	2018
	USD'000	USD'000
Current Assets		
Bank balances and cash	**940,486**	887,070
Financial assets at FVTPL	**36,842**	57,189
Investments in debt instruments measured at amortised cost	**11,447**	4,147
Others	**55,988**	67,196
Non-current Assets		
Financial assets at FVTPL	**223,135**	160,612
Financial assets at FVTOCI	**–**	15,852
Investments in debt instruments measured at amortised cost	**96,564**	121,172
Investments in perpetual notes at fair value through profit or loss	**58,471**	56,478
Investment properties	**89,507**	94,095
Others	**38,977**	39,747
Total Assets	**1,551,417**	1,503,558
Other Liabilities	**(57,745)**	(58,372)
Net Assets	**1,493,672**	1,445,186

Non-current assets were USD506.7 million (2018: USD488.0 million), representing an increase by USD18.7 million. It was mainly due to the net increase in investment in financial assets of USD24.1 million, which was partially offset by the drop in investment properties. Current assets were USD1,044.8 million (2018: USD1,015.6 million), representing an increase by USD29.2 million which was mainly due to an increase in bank balances and cash of USD53.4 million which was partially offset by the decrease in financial assets at FVTPL of USD20.3 million.

Net Asset Value

As at 31 December 2019, the Group's net assets amounted to approximately USD1,493.7 million, representing an increase of USD48.5 million as compared to approximately USD1,445.2 million as at 31 December 2018. The increase in net assets was mainly due to the profit for the Year of USD43.5 million and the exchange difference arising from the translation of USD6.3 million.

Cash Flow, Liquidity and Financial Resources

Cash Flow Summary

	2019	2018
	USD'000	USD'000
Net cash from Operating Activities	**39,540**	36,740
Net cash from Investing Activities	**27,657**	62,216
Net cash (used in)/from Financing Activities	**(19,218)**	12,365
Net increase in cash and cash equivalents	**47,979**	111,321
Cash and cash equivalents at beginning of the year	**887,070**	780,142
Effect of foreign exchange rate changes	**5,437**	(4,393)
Cash and cash equivalents at end of the year	**940,486**	887,070

The Group's cash balance as at 31 December 2019 was USD940.5 million (2018: USD887.1 million). The Group generated net cash inflows from operating activities for 2019 of USD39.5 million, which was mainly contributed to the working capital of operations. Net cash from investing activities was USD27.7 million mainly included USD26.8 million from interest received, which was partially offset by net outflows of investments of USD5.2 million and net proceeds from disposal of non-current asset classified as held for sale of USD5.1 million. Net cash used in financing activities was USD19.2 million mainly included repayments of other borrowings of USD13.4 million and acquisition of non-controlling interest of a subsidiary of USD5.4 million.

The Group's gearing ratio, expressed as the percentage of the Group's total borrowings over shareholders' equity, was nil as at 31 December 2019, as the Group did not have any outstanding borrowings as at 31 December 2019. The Group's gearing ratio as the percentage of the Group's total borrowings (USD13.4 million, equivalent to HKD104.8 million as the currencies of such borrowings made) over shareholders' equity, was 0.9% as at 31 December 2018.

Capital Structure of the Group

The capital structure of the Group has not changed materially since 30 June 2019, being the end of the reporting period of the Group's interim report.

Material Acquisitions and Disposals and Connected Transactions

On 10 May 2019, G-Financial Services Group Holding Ltd. ("G-Financial" as purchaser), an indirect wholly-owned subsidiary of the Company, Enhanced Group Holdings Limited ("Enhanced Group" as vendor) and Ms. Ip Yeuk Ping Gloria (as vendor's guarantor) entered into a sale and purchase agreement, pursuant to which G-Financial has agreed to acquire and Enhanced Group has agreed to sell 45,000,000 ordinary shares of Enhanced Financial, which represent 25% of the equity interests in Enhanced Financial at the consideration of HKD42 million (equivalent to approximately USD5.4 million). After completion, the shareholding of G-Financial in Enhanced Financial increased from 75% to 100% and Enhanced Financial became an indirect wholly-owned subsidiary of the Company (the "Acquisition"). At the time of the Acquisition, Enhanced Group was a substantial shareholder of Enhanced Financial and Enhanced Financial was a non-wholly owned subsidiary of the Company, Enhanced Group was therefore a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has complied with the disclosure requirement applicable to the Acquisition under Chapter 14A of the Listing Rules, details of which are set out in the Company's announcement dated 10 May 2019.

Save as disclosed above, the Group had not entered into any connected transaction during the Year, which is required to be disclosed under Chapter 14A of the Listing Rules.

On 12 November 2019, Top Concept Global Limited ("Top Concept" as purchaser), an indirect wholly-owned subsidiary of the Company, Edge Special, ZQ Capital Services Limited (as special shareholder) and Edge Venture Partners L.P. ("Edge Venture" as vendor) entered into a share purchase agreement, pursuant to which Top Concept has conditionally agreed to purchase and Edge Venture has conditionally agreed to sell all the issued preferred shares ("Preferred Shares") of Edge Special with par value of USD0.10 each as at 12 November 2019, at the consideration of USD33,920,639. Details of this transaction are set out in the Company's announcement dated 12 November 2019.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures during the Year and as at the date of this announcement.

Exposure to Fluctuations in Exchange Rates and Related Hedge

The Group conducted most of its business in United States dollars ("USD") and Hong Kong dollars ("HKD"). The foreign currency exposure of HKD to USD is minimal as HKD is pegged to USD.

The management will continue to monitor the Group's foreign currency exposure and consider other hedging policies should the need arise.

Pledge of Assets

As at 31 December 2019, no assets of the Group had been pledged.

Business Outlook

Besides the general downward pressure on the markets, as well as unforeseen and violent social unrest in Hong Kong, the outbreak of coronavirus pandemic has weighed on global financial markets, and it is expected to profoundly impact business and corporate operations of countries around the world. The Dow Jones Industrial Average fell significantly, and the markets in Europe and Asia also tumbled over growing fears about the coronavirus outbreak and oil prices. Business operations across Asia, Europe, and the United States are being disrupted by factory closures, quarantined workers and shortages of components. Risk aversion has increased in financial markets, with the interest rate falling to a record low and equity prices declining sharply, commodity prices have dropped, and business and consumer confidence have turned down. It is still uncertain when the normalisation of the work resumption rate will occur, and the infection will continue to undermine consumer confidence and economic activities. Banking on our existing solid capital base, we actively optimised resources allocation and maintained our conservative and diligent investment philosophy. We believe that this strategy enables us to minimise the impact on the Group's business and financial performance in 2020 under the current economic environment.

Principal investment business. In 2020, the Group will continue its prudent approach to maintaining its existing investment portfolio with a combination of diversified investment in funds, bonds and securities (including listed or unlisted securities) well established by the experienced investment team we built in the past years. We will still seek for quality investment projects in different industries, especially on the technology, media and telecommunications and healthcare, to elevate the Group's overall profitability and returns. We are in the progress of formulating innovative securities and fund products such as private equity funds, securities, direct investments of companies, and bonds, to offer more investment options for high-net-worth clients within our financial services business. Under the current economic condition, investors are likely to continue to seek yield and income given exceptionally low risk-free rates. The Group believes our accumulated experience in investment management and continuous efforts in packaging and selling our financial instruments to our broaden high-net-worth client base, have set a solid foundation for our asset management business development. This medium also enables us to better leverage our subsidiaries licensed by the SFC, which are eligible to carry out asset management business, which would further synergise our principal investment business with our financial services business segment.

Financial services business. The Group is experiencing a discomforting sense of uncertainty about the global environment and the Hong Kong economy. The Group will continue to expand our existing securities, brokerage and margin financing businesses and seek business opportunities in other financial sectors such as fund management, as mentioned in our principal investment business segment above. The Group will continue to focus on the four key financial services business areas, which are (i) securities trading and brokerage, (ii) margin financing, (iii) money lending, and (iv) asset management. The reasonable commission rate, quality and prompt service, strong financial resources, and the reliable trading system shall enable our financial services business to establish a strong client loyalty and stable client base over the years. Since the Group acquired the entire equity interests in FSHL Group, our client base has been enlarged significantly, especially in securities and commodities brokerage and asset management businesses. This acquisition also resulted in the broadening of investment options such as US equities and options, global futures, Euro bonds, Hong Kong equities, Asian and European equities, and China B Shares, and facilitated the generation of brokerage fees from trading of a more extensive selection of products as well as through the receipt of interest income from the provision of margin financing. The Group will continue to place great effort on strengthening our relationship with several major institutional clients by offering their required financial services, including IPO subscription, China connect securities trading, and US securities trading. The Group expands our team by hiring new professional and licensed account executives and reinforce existing incentive schemes to motivate our account executives on business promotion to broaden our business network and reach out to more potential clients. Following adoption of the transformation plan for our margin financing and money lending business in 2019, the Group has further diversified product offerings (including the provision of secured and mortgage loans and IPO margin financing) and set up a more stringent risk control and management system. However, the tightening regulations imposed by the regulators, and change in our clients' approach to their investment strategies caused by the downward momentum on the financial market, may expose our financial service business to short-term vulnerabilities in 2020. Under such a challenging business environment, the Group seeks to collaborate with different agencies to enhance our loan portfolio and increase the availability of our funds to expand our margin financing and money lending portfolio and generate more revenue from an increased number of higher value transactions. The Group captures opportunities from the increasing demand for diversification and cross-border wealth management services from high-net-worth and high-grade investors (including Mainland clients), and benefited from the relaxation on marketing to the Greater Bay Area on securities brokerages.

Real property business. The Group will carry on seeking investment opportunities for quality and upscale commercial properties and other types of properties in Hong Kong, the Greater Bay Area, North America and European countries, which are suitable for our value-add or opportunistic investment strategies.

Looking-forward. Although it is far too early to predict and assess the ultimate impact of the coronavirus pandemic on the global economy and corporate earnings, G-Resources will maintain a balanced approach to asset allocation given the uncertain nature of the coronavirus outbreak and its global impact from rising infections, the general downward pressure on the global markets, as well as unforeseen and violent social unrest in Hong Kong.

Human Resources

As at 31 December 2019, the Group had 68 employees in Hong Kong. Employees are remunerated at a competitive level and are rewarded according to their performance. The Group's remuneration packages include a medical scheme, group insurance, mandatory provident fund, performance bonus and options for our employees.

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

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

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all directors of the Company regarding any non-compliance with the Model Code during the Year, and they all confirmed that they had fully complied with the required standard set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and complied with all the applicable code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules for the Year.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee of the Company comprises Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng. All of them are independent non-executive directors of the Company. The audited consolidated financial statements of the Group for the Year have been reviewed by the Audit Committee with the management of the Company and the Company's independent auditors, and recommended its adoption by the Board.

SCOPE OF WORK OF MOORE STEPHENS CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been audited by the Group's auditor, Moore Stephens CPA Limited. The work performed by Moore Stephens CPA Limited in this respect did not constitute an assurance engagement.

ANNUAL REPORT

The annual report of the Company for the Year will be despatched to the shareholders and made available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.g-resources.com) on or before 30 April 2020.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the continuous support of the Company's shareholders and dedication of all our staff over the past year.

By Order of the Board
G-Resources Group Limited
Leung Oi Kin
Executive Director and Company Secretary

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises:
(i) Ms. Li Zhongye, Cindy as non-executive director of the Company;
(ii) Mr. Leung Oi Kin and Mr. Leung Wai Yiu, Malcoln as executive director of the Company; and
(iii) Mr. Lo Wa Kei, Roy, Mr. Chen Gong and Mr. Martin Que Meideng as independent non-executive directors of the Company.

* *For identification purpose only*