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中國通海國際金融有限公司

CHINA TONGHAI INTERNATIONAL FINANCIAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

**FURTHER ANNOUNCEMENT OF
THE AUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of China Tonghai International Financial Limited dated 26 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the “**Unaudited Annual Results Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITED ANNUAL RESULTS

The Board hereby announces that KPMG, the auditors of the Company, has completed its audit of the annual results of the Group for the year ended 31 December 2019 in accordance with the Hong Kong Standards on Auditing (“**HKSA**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The audited annual results for the year ended 31 December 2019 are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Fee and commission income	4	244,191	277,429
Interest income			
— Calculated using the effective interest method	4	340,819	208,591
— Others	4	270,102	238,382
Net investment loss	4	(75,680)	(52,092)
Total revenue	4	779,432	672,310
Other income/(loss)	5	(2,275)	23,261
Direct cost		(160,196)	(181,304)
Staff cost		(214,850)	(164,967)
Depreciation and amortisation	7	(42,440)	(9,888)
Impairment loss		(184,800)	(89,890)
Finance cost			
— Interest on borrowings and repurchase agreements	6	(107,520)	(59,023)
— Interest on lease liabilities	6	(4,611)	—
Share of results of an associate		(212)	—
Share of results of joint ventures		(2,036)	1,597
Other operating expenses		(56,883)	(82,306)
Profit before tax	7	3,609	109,790
Tax credit/(expense)	8	1,738	(9,615)
Profit for the year, attributable to equity holders of the Company		<u>5,347</u>	<u>100,175</u>
Earnings per share for profit attributable to equity holders of the Company for the year		<i>HK cent(s)</i>	<i>HK cent(s)</i>
— Basic and diluted	9	0.087	1.612
Dividend per share	10	Nil	Nil

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year, attributable to equity holders of the Company	<u>5,347</u>	<u>100,175</u>
Other comprehensive income for the year, including reclassification adjustments		
Item that may be reclassified subsequently to profit or loss		
— Exchange loss on translation of financial statements of foreign operations	(858)	(2,461)
Items that will not be reclassified subsequently to profit or loss		
— Changes in fair value of financial assets measured at fair value through other comprehensive income	(170)	(5,294)
— Capital distribution from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost	<u>—</u>	<u>1,285</u>
Other comprehensive income for the year, including reclassification adjustments and net of tax	<u>(1,028)</u>	<u>(6,470)</u>
Total comprehensive income for the year, attributable to equity holders of the Company	<u><u>4,319</u></u>	<u><u>93,705</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2019			As at 31 December 2018		
		Current HK\$'000	Non-current HK\$'000	Total HK\$'000	Current HK\$'000	Non-current HK\$'000	Total HK\$'000
ASSETS							
Cash and cash equivalents		182,449	—	182,449	357,300	—	357,300
Bank balances held on behalf of clients		1,253,410	—	1,253,410	1,321,371	—	1,321,371
Financial assets held for trading and market making activities		1,630,972	188,022	1,818,994	1,756,694	230,141	1,986,835
Financial assets not held for trading and market making activities		152,059	6,073	158,132	262,571	54,465	317,036
Derivative financial instruments		17,119	—	17,119	10,000	—	10,000
Loans to margin clients	12	1,977,795	—	1,977,795	2,810,720	—	2,810,720
Advances to customers for merger and acquisition activities		54,813	166,588	221,401	—	—	—
Other loans	13	3,204,578	62,513	3,267,091	2,570,621	37,410	2,608,031
Accounts receivable	11	498,162	—	498,162	600,288	—	600,288
Prepayments, deposits and other receivables		59,975	—	59,975	26,808	—	26,808
Interest in an associate		—	2,110	2,110	—	—	—
Interests in joint ventures		—	38,615	38,615	—	41,444	41,444
Goodwill and other intangible assets		—	19,558	19,558	—	20,376	20,376
Other assets		—	23,275	23,275	—	19,004	19,004
Investment property		—	11,700	11,700	—	11,200	11,200
Property and equipment		—	110,468	110,468	—	21,285	21,285
Deferred tax assets		—	65,790	65,790	—	25,915	25,915
TOTAL ASSETS		9,031,332	694,712	9,726,044	9,716,373	461,240	10,177,613
LIABILITIES AND EQUITY							
Liabilities							
Accounts payable	14	1,664,961	—	1,664,961	1,846,261	—	1,846,261
Obligations under repurchase agreements		—	—	—	34,634	—	34,634
Bank and other borrowings		2,037,029	—	2,037,029	2,308,573	50,000	2,358,573
Contract liabilities		4,988	—	4,988	8,886	—	8,886
Lease liabilities		31,626	58,642	90,268	—	—	—
Accrual and other payables		86,629	—	86,629	110,122	—	110,122
Tax payables		58,615	—	58,615	22,523	—	22,523
TOTAL LIABILITIES		3,883,848	58,642	3,942,490	4,330,999	50,000	4,380,999
Equity							
Share capital				20,657			20,657
Reserves				5,762,897			5,775,957
TOTAL EQUITY				5,783,554			5,796,614
TOTAL LIABILITIES AND EQUITY				9,726,044			10,177,613
<i>Net current assets</i>				5,147,484			5,385,374

NOTES TO THE AUDITED RESULTS

For the year ended 31 December 2019

1 BASIS OF PREPARATION

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

The financial statements have been prepared on the historical cost basis except for certain financial assets and investment properties which are measured at fair value.

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

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Adoption of new and amended HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period. Except as explained below, the adoption of new and amended HKFRSs has no material impact on the Group’s financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

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

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

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

2.2 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8, Definition of material	1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3 SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

2019	Brokerage and interest income HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment revenue						
Fee and commission income	166,454	44,898	23,163	—	9,676	244,191
Interest income	610,921	—	—	—	—	610,921
Net investment loss	(16,544)	—	—	(59,136)	—	(75,680)
Segment revenue from external customers	760,831	44,898	23,163	(59,136)	9,676	779,432
Inter-segment revenue	—	1,130	3,286	—	1,331	5,747
Reportable segment revenue	760,831	46,028	26,449	(59,136)	11,007	785,179
Reportable segment result	126,912	698	(329)	(115,640)	(130)	11,511

2018	Brokerage and interest income <i>HK\$'000</i> (restated)	Corporate finance <i>HK\$'000</i>	Asset management <i>HK\$'000</i>	Investments <i>HK\$'000</i> (restated)	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue						
Fee and commission income	200,868	40,669	24,143	—	11,749	277,429
Interest income	446,973	—	—	—	—	446,973
Net investment loss	—	—	—	(52,092)	—	(52,092)
Segment revenue from external customers	647,841	40,669	24,143	(52,092)	11,749	672,310
Inter-segment revenue	3,652	3,525	7,789	—	4,196	19,162
Reportable segment revenue	651,493	44,194	31,932	(52,092)	15,945	691,472
Reportable segment result	170,224	7,988	4,026	(68,247)	596	114,587

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Reportable segment revenue	785,179	691,472
Elimination of inter-segment revenue	(5,747)	(19,162)
Consolidated revenue	779,432	672,310
Reportable segment result	11,511	114,587
Gain on revaluation of investment property	500	1,000
Other operating income	—	1,655
Share of results of an associate	(212)	—
Share of results of joint ventures	(2,036)	1,597
Unallocated corporate expenses	(6,154)	(9,049)
Consolidated profit before tax	3,609	109,790

Included in unallocated corporate expenses are the following items:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Payment to certain employees under a phantom share scheme and compensation to three executive directors of the Company	—	837
Expenses incurred in connection with the proposed rights issue, which has been terminated on 10 September 2018	—	3,690
	<u> </u>	<u> </u>

In accordance with the service agreements of three executive directors, each of them is entitled a lump sum equivalent to their 12 months' salaries and HK\$4.0 million compensation upon a change of control of the Company.

Under a phantom share scheme adopted in August 2016, certain employees are entitled an awarded cash payment.

Geographical information

The Group's operations are substantially located in Hong Kong and substantially all non-current assets of the Group are located in Hong Kong. Therefore, no detailed analysis of geographical information is required.

The Group's customers include the following with whom transactions have exceeded 10% of the Groups' revenue:

	2019 HK\$'000	2018 <i>HK\$'000</i>
Customer A**	<u>109,379</u>	<u> </u>

** Revenue from this customer is attributable to brokerage and interest income segments.

4 REVENUE

(a) Revenue analysis

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Brokerage business		
<i>Fee and commission income:</i>		
— Commission on dealings in securities		
— Hong Kong securities	59,201	59,925
— Other than Hong Kong securities	5,481	6,643
— Commission on dealings in futures and options contracts	77,459	119,471
— Handling, custodian and other service fee income	24,313	14,829
	<u>166,454</u>	<u>200,868</u>
Interest income business		
<i>Interest income from loans to margin clients:</i>	192,881	178,061
<i>Interest income calculated using the effective interest method:</i>		
— Interest income from other loans	304,662	173,859
— Interest income from cash clients receivables	2,216	1,832
— Interest income from trust bank deposits	13,527	11,328
— Interest income from initial public offering loans	530	673
— Interest income from house money bank deposits and others	19,884	20,899
<i>Interest income from bonds measured at fair value through profit or loss and others:</i>	77,221	60,321
	<u>610,921</u>	<u>446,973</u>
Corporate finance business		
<i>Fee and commission income:</i>		
— Placing and underwriting commission income	26,551	11,438
— Financial and compliance advisory services fee income	18,347	29,231
	<u>44,898</u>	<u>40,669</u>
Asset management business		
<i>Fee and commission income:</i>		
— Management fee income	18,223	18,864
— Performance fee income	4,940	5,279
	<u>23,163</u>	<u>24,143</u>

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Investments and others business		
<i>Fee and commission income:</i>		
— Financial media service fee income	9,676	11,749
<i>Net investment loss:</i>		
— Net realised loss on financial assets measured at amortised cost	(268)	(5,348)
— Net realised and unrealised loss on financial assets measured at fair value through profit or loss	(84,493)	(63,244)
— Dividend income from financial assets measured at fair value through profit or loss	9,081	16,416
— Dividend income from financial assets measured at fair value through other comprehensive income	—	84
	<u>(66,004)</u>	<u>(40,343)</u>
	<u>779,432</u>	<u>672,310</u>

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers and did not disclose information about the remaining performance obligations under the contracts that had an original expected duration of one year or less.

5 OTHER INCOME/(LOSS)

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Changes in net asset value attributable to other holders of a consolidated investment fund	(6,282)	13,738
Exchange gains, net	585	3,045
Gain on revaluation of investment property	500	1,000
Write-back of other payables	1,400	1,368
Sundry income	1,522	4,110
	<u>(2,275)</u>	<u>23,261</u>

6 FINANCE COST

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Finance charges on obligations under repurchase agreements	27	3,456
Interest on bank and other borrowings	107,493	55,567
Interest on lease liabilities	4,611	—
	<u>112,131</u>	<u>59,023</u>

7 PROFIT BEFORE TAX

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit before tax is arrived at after charging:		
Depreciation and amortisation		
— Other intangible assets	2,446	2,421
— Property and equipment	39,994	7,467
	<u>42,440</u>	9,888
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	—	39,677
Other items		
— Auditors' remuneration	3,174	2,290
— Net losses on disposals of property and equipment	53	153
— Expenses relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	671	—
— Direct operating expenses related to investment property	27	24
	<u>42,440</u>	<u>9,888</u>

8 TAX (CREDIT)/EXPENSE

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

For the years ended 31 December 2019 and 31 December 2018, Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax — Hong Kong profits tax		
— Current year	42,310	28,469
— Over provision in prior year	(4,173)	(420)
	38,137	28,049
Deferred tax	(39,875)	(18,434)
Total tax (credit)/expense	(1,738)	9,615

9 EARNINGS PER SHARE

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
For purpose of basic and diluted earnings per share	5,347	100,175

Weighted average number of ordinary shares in issue less shares held for Share Award Scheme

	2019	2018
For purpose of basic and diluted earnings per share	6,163,561,547	6,214,004,697

10 DIVIDENDS

The Board resolved not to declare the payment of dividend for the financial year ended 31 December 2019 (2018: Nil).

11 ACCOUNTS RECEIVABLE

		As at 31 December 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
	<i>Notes</i>		
<i>Accounts receivable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing houses	(a)	475,517	568,126
— Cash clients	(a)	10,003	13,245
— Clients for subscription of securities	(a)	1,094	27
Less: Impairment allowance		<u>(6,588)</u>	<u>(5,770)</u>
		480,026	575,628
 <i>Accounts receivable from asset management, corporate finance and other businesses</i>			
— Clients	(a)	26,108	30,466
Less: Impairment allowance		<u>(7,972)</u>	<u>(5,806)</u>
		18,136	24,660
Net accounts receivable	(b)	<u>498,162</u>	<u>600,288</u>

Notes:

- (a) Amounts due from brokers, clearing houses and cash clients for the dealings in securities are required to be settled on the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. Amounts due from brokers and clearing houses for the dealings in futures and options contracts are repayable on demand (except for the required margin deposits for the trading of futures and options contracts). There are no credit terms granted to clients for its asset management, corporate finance and other businesses. The amounts due from cash clients after the settlement dates bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amounts due from clients for subscription of securities as at 31 December 2019 bear interest at a fixed rate of 4.5% (31 December 2018: 2.5%) per annum.

- (b) Ageing analysis of accounts receivable based on due date and net of impairment allowance is as follows:

	As at 31 December 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Repayable on demand	4,276	1,524
0–30 days	489,554	590,751
31–90 days	3,230	3,982
Over 90 days	<u>1,102</u>	<u>4,031</u>
Net accounts receivable	<u><u>498,162</u></u>	<u><u>600,288</u></u>

12 LOANS TO MARGIN CLIENTS

	As at 31 December 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
Loans to margin clients		
— Measured at fair value through profit and loss	<u><u>1,977,795</u></u>	<u><u>2,810,720</u></u>

Note:

Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a comprehensive analysis including but not limited to loan-to-market and loan-to-marginable value ratios (“lending ratios”), concentration risk, illiquid collaterals and overall availability of funds. The Group exercises continuous monitoring of outstanding margin loans to see if the actual lending ratios have exceeded the pre-determined levels as a credit risk control mechanism. Any excess in the lending ratios will trigger a margin call which the clients have to make good the shortfall. As at 31 December 2019, the market value of securities pledged by margin clients to the Group as collateral was HK\$10,668,974,000 (31 December 2018: HK\$10,722,507,000) and the Group is permitted to sell these collaterals if the client fails to fulfil in margin calls. Loans to margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

13 OTHER LOANS

	<i>Notes</i>	As at 31 December 2019 HK\$'000	As at 31 December 2018 HK\$'000
Other loans			
— Unsecured	(a)	2,748,743	1,876,375
— Secured	(a, b)	684,147	749,407
		3,432,890	2,625,782
Less: impairment allowance		(165,799)	(17,751)
		3,267,091	2,608,031
Analysis of the net amount into current and non-current portions:			
— Current		3,204,578	2,570,621
— Non-current		62,513	37,410
		3,267,091	2,608,031

Notes:

- (a) The loans bear interest at fixed rate ranging from 5.5% to 20.0% (31 December 2018: 5.0% to 9.5%) per annum.
- (b) As at 31 December 2019 and 2018, the collaterals held by the Group for the secured loans mainly include shares of listed companies, shares and assets of private companies.

14 ACCOUNTS PAYABLE

		As at 31 December 2019 <i>HK\$'000</i>	As at 31 December 2018 <i>HK\$'000</i>
	<i>Notes</i>		
<i>Accounts payable from dealings in securities, futures and options contracts</i>			
— Brokers and clearing house	(a)	8,336	30,905
— Cash and margin clients	(a)	1,644,159	1,814,183
 <i>Accounts payable from other businesses</i>			
— Clients		<u>12,466</u>	<u>1,173</u>
	(b)	<u><u>1,664,961</u></u>	<u><u>1,846,261</u></u>

Notes:

- (a) Accounts payable to brokers, clearing house and cash clients are repayable on demand up to the settlement dates of their respective transactions (normally two or three business days after the respective trade dates) except for the required margin deposits received from clients for their trading of futures and options contracts. Accounts payable to margin clients are repayable on demand.
- (b) No ageing analysis in respect of accounts payable is disclosed as, in the opinion of the Board, the ageing analysis does not give additional value in view of the business nature.

15 EVENT AFTER THE REPORTING PERIOD

Since early 2020, the outbreak of Novel Coronavirus raised the uncertainty towards the business environment and operations of the Group. Hang Seng Index has dropped sharply from its recent high on 17 January 2020 to 16 April 2020 indicating a decline in market sentiment, a significant drop in unrealised fair value of the underlying securities related to loans to margin clients may therefore be resulted. The Group will closely monitor the impacts and devise the contingency measures accordingly. If necessary, the Group will promptly carry out measures to mitigate the potential impacts. The Group will continue to review the contingency measures and evaluate risk management effectiveness. In view of the rapid spread of Novel Coronavirus, it is not appropriate to estimate the potential impacts on the Group's financial performance at present stage due to the possible significant fluctuations.

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 had not been completed as at the date of publication of Unaudited Annual Results Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Disclosure in this announcement			Disclosure in the Unaudited Annual Results Announcement			Differences	Notes
	As at 31 December 2019			As at 31 December 2019				
	Current	Non-current	Total	Current	Non-current	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Financial assets held for trading and market making activities	1,630,972	188,022	1,818,994	1,610,308	188,022	1,798,330	20,664	(a)
Advances to customers for merger and acquisition activities	54,813	166,588	221,401	242,065	—	242,065	(20,664)	(a),(b)

Notes:

- (a) The difference in financial assets held for trading and market making activities and advances to customers for merger and acquisition activities of HK\$20,664,000 was due to the reclassification of an unlisted convertible debt previously included in advances to customers for merger and acquisition activities.
- (b) The difference in current and non-current portion of advances to customers for merger and acquisition activities of HK\$166,588,000 was due to the reclassification of a long-term financial asset.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios, and comparative figures related to the above differences, all other information contained in the Unaudited Annual Results Announcement remain unchanged.

THE AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT BY KPMG

The Audit Committee of the Company has reviewed the audited annual results of the Company for the year ended 31 December 2019. 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 this announcement have been agreed by KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by KPMG on this announcement.

By Order of the Board
China Tonghai International Financial Limited
HAN Xiaosheng
Chairman

Hong Kong, 20 April 2020

As at the date of this announcement, the Board of the Company comprises:

Executive Directors:

Mr. HAN Xiaosheng (*Chairman*)
Mr. ZHANG Bo (*Deputy Chairman*)
Mr. ZHANG Xifang
Mr. FENG Henian
Mr. LIU Hongwei
Mr. Kenneth LAM Kin Hing

Independent Non-executive Directors:

Mr. Roy LO Wa Kei
Mr. KONG Aiguo
Mr. LIU Jipeng
Mr. HE Xuehui
Mr. HUANG Yajun

Non-executive Directors:

Mr. Bernard POULIOT
Mr. LIU Bing
Mr. ZHAO Yingwei
Mr. ZHAO Xiaoxia