KK CULTURE HOLDINGS LIMITED
KK 文化控股有限公司

(Continued in Bermuda with limited liability)
(Stock code: 550)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED RESULTS

The board of directors (the "**Board**") of KK Culture Holdings Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000 (restated)
Continuing operations			
Turnover	*3*	**53,193**	64,566
Direct operating costs		**(13,990)**	(16,980)
Gross profit		**39,203**	47,586
Other income		**9,011**	4,200
Selling and distribution costs		**(20,009)**	(22,386)
Administrative expenses		**(47,755)**	(47,852)
Impairment on trade and other receivables and loan receivables, net of reversal		**(1,060)**	(249)
Finance costs		**(1,116)**	(1,919)
Loss before income tax from continuing operations	*5*	**(21,726)**	(20,620)
Income tax credit/(expense)	*6*	**271**	(1,193)
Loss for the year from continuing operations		**(21,455)**	(21,813)
Discontinued operations			
Loss for the year from discontinued operations	*7*	**(14,848)**	(53,544)
Loss for the year		**(36,303)**	(75,357)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain/(loss) on equity instruments at fair value through other comprehensive income		**13,417**	(3,578)
Other comprehensive income for the year, net of tax		**13,417**	(3,578)
Total comprehensive income for the year		**(22,886)**	(78,935)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019 (Continued)

	Notes	2019	2018
	Notes	***HK$'000***	*HK$'000*
			(restated)
Loss for the year attributable to:			
Equity shareholders of the Company			
Loss for the year from continuing operations		**(21,455)**	(21,813)
Loss for the year from discontinued operations		**(12,322)**	(34,139)
Loss for the year attributable to equity shareholders of the Company		**(33,777)**	(55,952)
Non-controlling interests			
Loss for the year from continuing operations		**–**	–
Loss for the year from discontinued operations		**(2,526)**	(19,405)
Loss for the year attributable to non-controlling interests		**(2,526)**	(19,405)
		(36,303)	(75,357)
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(20,360)**	(59,530)
Non-controlling interests		**(2,526)**	(19,405)
		(22,886)	(78,935)
Basic and diluted loss per share	*9*		
– from continuing operations		**(HK4.80 cents)**	(HK5.48 cents)
– from discontinued operations		**(HK2.76 cents)**	(HK8.57 cents)
– from continuing and discontinued operations		**(HK7.56 cents)**	(HK14.05 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,441**	6,387
Investment properties		–	9,631
Right-of-use assets		**10,712**	–
Other intangible assets	*10*	–	22,849
Equity instruments at fair value through other comprehensive income		**50,115**	26,852
Loan receivables		–	11,407
		64,268	77,126
Current assets			
Trade receivables	*11*	**4,254**	11,900
Other receivables, deposits and prepayments	*12*	**13,142**	43,665
Tax recoverable		**813**	813
Loan receivables		**14,051**	3,880
Cash and cash equivalents		**100,177**	109,500
		132,437	169,758
Current liabilities			
Contract liabilities		**788**	612
Other payables and accruals		**6,661**	5,578
Amounts due to non-controlling interests of a subsidiary	*13*	–	22,884
Amounts due to a director	*13*	**1,093**	3,593
Other borrowing		**5,760**	–
Current portion of license right fees payables		–	28,180
Current portion of lease liabilities		**6,592**	–
Provision for taxation		**155**	426
		21,049	61,273
Net current assets		**111,388**	108,485
Total assets less current liabilities		**175,656**	185,611
Non-current liabilities			
Non-current portion of license right fees payables		–	13,718
Non-current portion of lease liabilities		**2,302**	–
		2,302	13,718
Net assets		**173,354**	171,893

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019 (Continued)

	Notes	2019 HK$'000	2018 HK$'000
EQUITY			
Share capital	*14*	**89,323**	89,323
Reserves		**84,031**	104,391
Equity attributable to equity shareholders of the Company		**173,354**	193,714
Non-controlling interests		**–**	(21,821)
Total equity		**173,354**	171,893

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Employee compensation reserve	Investment revaluation reserve	Merger reserve	Contributed surplus	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2018 as originally presented	74,523	74,130	1,991	6,734	(43,897)	95,402	(57,700)	151,183	(1,900)	149,283
Initial adoption on HKFRS 9	–	–	–	–	–	–	(919)	(919)	(516)	(1,435)
Restated balance at 1 January 2018	74,523	74,130	1,991	6,734	(43,897)	95,402	(58,619)	150,264	(2,416)	147,848
Issue of shares upon placing	14,800	88,800	–	–	–	–	–	103,600	–	103,600
Share issue expenses	–	(620)	–	–	–	–	–	(620)	–	(620)
Transactions with equity shareholders	14,800	88,180	–	–	–	–	–	102,980	–	102,980
Loss for the year	–	–	–	–	–	–	(55,952)	(55,952)	(19,405)	(75,357)
Other comprehensive income										
Change in fair value on equity instruments at fair value through other comprehensive income	–	–	–	(3,578)	–	–	–	(3,578)	–	(3,578)
Total comprehensive income for the year	–	–	–	(3,578)	–	–	(55,952)	(59,530)	(19,405)	(78,935)
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income to retained earnings	–	–	–	(1,300)	–	–	1,300	–	–	–
Balance at 31 December 2018	89,323	162,310	1,991	1,856	(43,897)	95,402	(113,271)	193,714	(21,821)	171,893

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019 (Continued)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital *HK$'000*	Share premium *HK$'000*	Employee compensation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Merger reserve *HK$'000*	Contributed surplus *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2019	**89,323**	**162,310**	**1,991**	**1,856**	**(43,897)**	**95,402**	**(113,271)**	**193,714**	**(21,821)**	**171,893**
Lapse of share options	–	–	(1,991)	–	–	–	1,991	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	24,347	24,347
Transactions with equity shareholders	–	–	(1,991)	–	–	–	1,991	–	24,347	24,347
Loss for the year	–	–	–	–	–	–	(33,777)	(33,777)	(2,526)	(36,303)
Other comprehensive income										
Change in fair value on equity instruments at fair value through other comprehensive income	–	–	–	13,417	–	–	–	13,417	–	13,417
Total comprehensive income for the year	–	–	–	13,417	–	–	(33,777)	(20,360)	(2,526)	(22,886)
Balance at 31 December 2019	89,323	162,310	–	15,273	(43,897)	95,402	(145,057)	173,354	–	173,354

Merger reserve of the Group arose as a result of the Group's reorganisation in 2000 and represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of Recruit (BVI) Limited. Contributed surplus of the Group arose as a result of the reduction in share capital in accordance with the Group's capital reorganisation in 2003.

1. GENERAL INFORMATION

KK Culture Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Group are provision of advertising service and website development and information technology services.

During the year, the Group disposed of its entire interest in Fullmoon Global Limited and its subsidiaries (the "Disposal Group"), which was engaged in provision of advertising services in the People's Republic of China (the "PRC"). The financial results of the Disposal Group are presented as discontinued operations, in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" ("HKFRS 5"). The comparative consolidated statement of profit or loss and other comprehensive income, loss before income tax stated in the consolidated statements of cash flows and the relevant disclosure notes for profit or loss items have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period. Other than these disposals, there were no significant changes in the Group's operations during the year.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

2. ADOPTION OF NEW OR AMENDED HKFRSS

2.1 New or amended HKFRSs which are effective during the year

During the year, the Group has applied for the first time the following new or amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019:

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

The impact of the adoption of HKFRS 16 "Lease" ("HKFRS 16") has been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("HK(IFRIC)-Int 4"), HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows:

	Increase *HK$'000*
Consolidated statement of financial position as at 1 January 2019	
Assets	
Right-of-use assets	17,093
Liabilities	
Lease liabilities (non-current)	7,845
Lease liabilities (current)	9,248
	17,093

Following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as of 31 December 2018	**17,330**
Lease liabilities discounted at relevant incremental borrowing rates	**16,579**
Add: contracts reassessed as lease contracts	**593**
Less: leases of low-value assets	**(79)**
Lease liabilities as at 1 January 2019	**17,093**

The weight average lessee's incremental borrowing rate applied to lease liabilities in the consolidated statement of financial position as at 1 January 2019 was 4.33%.

(ii) New definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) ***Accounting as a lessee***

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased office premises and internet access line) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of HKFRS 16.

Right-of-use asset

It should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at cost.

For the Group, leasehold land and buildings that were held for rental or capital appreciation purpose would continue to be accounted for under HKAS 40 "Investment Property" and would be carried at depreciated cost. For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at depreciated cost. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

It should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

The Group has leased out its investment property to a number of tenants. As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

(v) ***Transition***

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16 as an adjustment to the opening balance of accumulated losses at the date of initial application (i.e. 1 January 2019). The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 equal to the related lease liabilities. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (i.e. 1 January 2019) and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

2.2 New or amended HKFRSs which are issued but not yet effective

At the date of this report, the following new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new or amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements.

3. TURNOVER

The principal activities of the Group are the provision of advertising services and property investment.

	2019 *HK$'000*	2018 *HK$'000* (restated)
Continuing operations		
Revenue from contracts with customer within the scope of HKFRS 15:		
Advertising income – Recruitment	**53,032**	64,104
Revenue from other sources:		
Rental income	**161**	462
	53,193	64,566
Discontinued operations		
Revenue from contracts with customer within the scope of HKFRS 15:		
Advertising income – Train media	**4,036**	8,498
	57,229	73,064

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	Continuing operations						Discontinued operations			
	Advertising – Recruitment		Property investment		Total		Advertising – Train media		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)	***HK$'000***	*HK$'000* (restated)
Primary geographical market										
Hong Kong	**53,032**	64,104	**161**	462	**53,193**	64,566	**–**	1,201	**53,193**	65,767
PRC	**–**	–	**–**	–	**–**	–	**4,036**	7,297	**4,036**	7,297
	53,032	64,104	**161**	462	**53,193**	64,566	**4,036**	8,498	**57,229**	73,064
Major products/services										
Provision of advertising services										
– Recruitment	**53,032**	64,104	**–**	–	**53,032**	64,104	**–**	–	**53,032**	64,104
– Train media	**–**	–	**–**	–	**–**	–	**4,036**	8,498	**4,036**	8,498
	53,032	64,104	**–**	–	**53,032**	64,104	**4,036**	8,498	**57,068**	72,602
Property rentals	**–**	–	**161**	462	**161**	462	**–**	–	**161**	462
	53,032	64,104	**161**	462	**53,193**	64,566	**4,036**	8,498	**57,229**	73,064
Timing of revenue recognition										
Transferred over time	**53,032**	64,104	**161**	462	**53,193**	64,566	**4,036**	8,498	**57,229**	73,064

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	2019	2018
	HK$'000	*HK$'000*
Receivables	**4,254**	11,900
Contract liabilities	**788**	612

Contract liabilities mainly relate to the advance consideration received from customers. HK$612,000 of the contract liabilities as of 31 December 2018 has been recognised as revenue for the year ended 31 December 2019 from performance obligations satisfied due to the completion of services.

The Group has applied the practical expedient to its sales contracts for advertising services and therefore the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for advertising services that had an original expected duration of one year or less. No other consideration to be included in these sales contracts.

4. SEGMENT INFORMATION

The executive directors have identified the Group has only one reportable segment, which is the provision of advertising services.

The Group's revenue from external customers and its non-current assets other than financial instruments are divided into the following geographical areas.

	Revenue from external customers (Continuing operations)		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		
PRC	–	–	–	22,849
Hong Kong (domicile)	**53,193**	64,566	**14,153**	16,018
	53,193	64,566	**14,153**	38,867

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based (1) the physical location of the assets (for property, plant and equipment, investment properties and right-of-use assets), (2) location of operations (for other intangible assets).

Revenue from a major customer with whom transaction has exceeded 10% of the Group's revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Continuing operations		
Advertising – Customer A	**5,927**	7,293

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

	2019	2018
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Reportable segment (loss)/profit	**(3,839)**	11,717
Unallocated corporate income	**8,576**	4,564
Unallocated corporate expenses*	**(25,655)**	(34,983)
Finance costs	**(808)**	(1,918)
Loss before income tax	**(21,726)**	(20,620)
Reportable segment assets	**26,470**	88,570
Property, plant and equipment	**3,398**	6,299
Investment properties	**–**	9,631
Equity instruments at fair value through other comprehensive income	**50,115**	26,852
Right-of-use assets	**5,328**	–
Loan receivables	**2,644**	3,880
Deposits and prepayments	**9,959**	9,512
Cash and cash equivalents	**98,674**	102,114
Other corporate assets	**117**	26
Group assets	**196,705**	246,884
Reportable segment liabilities	**8,488**	70,086
Amounts due to a director	**1,093**	3,593
Other borrowing	**5,760**	–
Lease liabilities	**3,400**	–
Other payables and accruals	**4,413**	838
Other corporate liabilities	**197**	474
Group liabilities	**23,351**	74,991

* Unallocated corporate expenses included staff costs, depreciation and legal and professional fee.

5. LOSS BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Loss before income tax is arrived at after charging/(crediting):		
Auditor's remuneration	**500**	620
Depreciation of property, plant and equipment	**2,949**	3,654
Depreciation of investment properties	**133**	739
Depreciation of right-of-use assets *(Note)*	**7,480**	–
Employee benefit expense (including directors emoluments)	**36,939**	38,919
Exchange losses, net	**480**	213
Gain on disposals of investment properties	**(1,398)**	(3,243)
Impairment on trade and other receivables and loan receivables, net of reversal	**1,060**	249
Minimum lease payments paid under operating leases under HKAS 17 in respect of rented premises and production facilities	**–**	11,137
Short-term lease expenses	**59**	–
Low-value assets leases expenses	**20**	–
Direct operating expenses arising from investment properties that generated rental income	**77**	191

Note:

The Group has initially applied HKFRS 16 using cumulative effect approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on straight-line basis over the lease term. Under this approach, the comparative information has not been restated. See note 2.1 for details.

During the year, auditor's remuneration for other services amounted to HK$100,000 (2018: HK$150,000).

6. INCOME TAX CREDIT/(EXPENSE)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduced 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 profits of the qualifying group entity would be taxed at 8.25%, and profits above HK$2 million would be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime would continue to be taxed at a flat rate of 16.5%.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operate.

	2019	2018
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Hong Kong profits tax:		
Current year	–	1,193
Over provision in prior years	**(271)**	–
	(271)	1,193

Reconciliation between income tax credit/(expense) and accounting loss at applicable tax rates is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(restated)
Loss before income tax from continuing operations	**(21,726)**	(20,620)
Notional tax calculated at the rates applicable to the losses in the tax jurisdictions concerned	**(3,584)**	(3,402)
Tax effect of non-taxable revenue	**(314)**	(667)
Tax effect of non-deductible expenses	**2,293**	4,910
Tax effect of tax losses not recognised	**1,605**	394
Utilisation of previously unrecognised tax losses	–	(42)
Over provision in prior years	**(271)**	–
Income tax (credit)/expense	**(271)**	1,193

7. DISCONTINUED OPERATIONS

As noted in note 1, on 29 March 2019, the Group entered into a sale agreement to dispose of the entire interest in the Disposal Group, which was engaged in provision of advertising services. The disposal was completed on 6 June 2019, the date on which the control of the Disposal Group passed to the acquirer.

The operations of the Disposal Group represented the entire business segment of provision of advertising services in the PRC of the Group and therefore, they are presented as discontinued operations in 2019 group accounts in accordance with HKFRS 5. The comparative consolidated statement of profit or loss and other comprehensive income, loss before income tax stated in the consolidated statements of cash flows and the relevant disclosure notes for profit or loss items have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

An analysis of the results and cash flows of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows are as follows:

	2019	2018
	HK$'000	*HK$'000*
Turnover	**4,036**	8,498
Direct operating costs	**–**	(6,286)
Gross profit	**4,036**	2,212
Other income	**–**	14,726
Administrative and other operating expenses	**(9,394)**	(56,569)
Impairment on trade and other receivables, net of reversal	**–**	(3,413)
Gain on disposal of a subsidiary	**–**	15,159
Impairment of goodwill	**–**	(3,211)
Impairment of other intangible assets	**–**	(20,012)
Finance costs	**(957)**	(2,436)
Loss before income tax from discontinued operations	**(6,315)**	(53,544)
Income tax expense	**–**	–
Loss after income tax from discontinued operations	**(6,315)**	(53,544)
Loss on disposal of subsidiaries *(Note 15)*	**(8,533)**	–
Loss for the year from discontinued operations	**(14,848)**	(53,544)

The net cash flows related to the Disposal Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Net cash inflows from operating activities	**13,800**	34,312
Net cash outflows from investing activities	**(14,298)**	(33,724)
Net cash (outflow)/inflow	**(498)**	588

8. DIVIDENDS

The Directors do not recommend the payment of a dividend for the years ended 31 December 2019 and 2018.

9. LOSS PER SHARE

(a) For continuing and discontinued operations

The calculation of basic and diluted loss per share attributable to equity shareholders of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to equity shareholders of the Company		
Continuing operations	**(21,455)**	(21,813)
Discontinued operations	**(12,322)**	(34,139)
	(33,777)	(55,952)

	Number of individuals	
	2019	2018
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**446,614**	398,159

In 2019 and 2018, diluted loss per share attributable to equity shareholders of the Company were the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

(b) For continuing operations

The calculation of basic loss per share from continuing operations is based on the loss attributable to equity shareholders of the Company from continuing operations of HK$21,455,000 (2018: HK$21,813,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

In 2019 and 2018, diluted loss per share from continuing operations attributable to owners of the Company were the same as basic earnings per share as the impact of the exercise of share options was anti-dilutive.

(c) For discontinued operations

The calculation of basic loss per share from discontinued operations is based on the loss attributable to equity shareholders of the Company from discontinued operations of HK$12,322,000 (2018: HK$34,139,000) and the denominators used are the same as those detailed above for both basic and diluted earnings per share.

In 2019 and 2018, diluted loss per share from discontinued operations attributable to equity shareholders of the Company were the same as basic earnings per share as the impact of the exercise of share options was anti-dilutive.

10. OTHER INTANGIBLE ASSETS

	Advertising agency license rights	
	2019	2018
	HK$'000	*HK$'000*
At 1 January		
Gross carrying amount	**194,899**	289,386
Accumulated amortisation	**(172,050)**	(131,473)
Net carrying amount	**22,849**	157,913
Year ended 31 December		
Opening net carrying amount	**22,849**	157,913
Amortisation	**(7,607)**	(50,524)
Disposals of subsidiaries	**(15,242)**	(64,528)
	–	42,861
Impairment loss recognised during the year	**–**	(20,012)
Closing net carrying amount	**–**	22,849
At 31 December		
Gross carrying amount	**–**	194,899
Accumulated amortisation and impairment	**–**	(172,050)
Net carrying amount	**–**	22,849

In 2018, the Group had continuously suffered loss from CGU in advertising segment operated by Fullmoon Global Limited ("Fullmoon Business"). The Directors conducted a review of the recoverability of the Group's other intangible assets and determined that the other intangible assets included in the CGU under Fullmoon Business were impaired.

11. TRADE RECEIVABLES

Ageing analysis of trade receivables, net of provision as at 31 December 2019, based on invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**3,941**	6,502
31 – 60 days	**242**	304
61 – 90 days	**37**	90
91 – 120 days	**18**	9
121 – 150 days	**12**	–
Over 150 days	**4**	4,995
Total trade receivables	**4,254**	11,900

The Group allows a credit period from 7 to 120 days (2018: 7 to 120 days) to its customers.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Other receivables	**1,273**	17,038
Deposits	**2,661**	2,646
Prepayments	**9,997**	10,515
Profit Guarantee Arrangement *(Note)*	**–**	14,614
	13,931	44,813
Less: Provision for impairment	**(789)**	(1,148)
	13,142	43,665

Note:

In April 2016, the Group completed the acquisition of 60% equity interest in Hong Kong Made (Media) Limited ("Hong Kong Made") and its shareholders' loan of HK$6,600,000 from Silver Golden Limited and Mr. Sui Chok Lee ("Vendors") for a cash consideration of HK$36,600,000. Pursuant to the terms of the sale and purchase agreement for the acquisition of Hong Kong Made, Ms. Chau Lan Sze, the sole beneficial owner of Silver Golden Limited, together with the Vendors (collectively referred as the "Vendor's Guarantors") have agreed to provide a profit guarantee to the Group in relation to the audited net profit after the taxation of Hong Kong Made for the year ended 31 March 2017 and 2018 respectively. If the audited net profit after taxation of Hong Kong Made falls short of the guaranteed profit of HK$5,000,000 (the "Guarantee Profit Amount") for each year ended 31 March 2017 and 2018, the Vendor's Guarantors was is obligated to pay an amount equal to such shortfalls to the Group for the respective periods. No compensation income was received in 2017 as the audited net profit after the taxation of Hong Kong Made met the target level for the year ended 31 March 2017.

As at 31 December 2018, based on the financial performance of Hong Kong Made for the year ended 31 March 2018, audited net loss after taxation of Hong Kong Made did not meet the Guarantee Profit Amount. Accordingly, the Vendor's Guarantors were obliged to compensate an amount of HK$14,614,000, being the shortfall of the actual results and the Guarantee Profit Amount.

Included in the carrying amount of other receivables and deposits as at 31 December 2019 is accumulated impairment losses of HK$789,000 (2018: HK$1,148,000).

13. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY/A DIRECTOR

The amounts are non-trade related, unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

	2019		2018	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.20 each	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.20 each				
At 1 January	**446,614**	**89,323**	372,614	74,523
Shares issued upon placing in August 2018	**–**	**–**	74,000	14,800
At 31 December	**446,614**	**89,323**	446,614	89,323

On 31 July 2018, the Company entered into a placing agreement with the placing agent, pursuant to which an aggregate of 74,000,000 new ordinary shares were placed by the placing agent on behalf of the Company, at the placing price of HK$1.40 per placing share with an independent investor. The Company issued 74,000,000 new ordinary shares at HK$1.40 per share on 28 August 2018. As a result, there was an increase in share capital and share premium of HK$14,800,000 and HK$88,800,000 respectively. Details of the placing were set out in the Company's announcements dated 31 July 2018, 21 August 2018, 23 August 2018 and 28 August 2018, respectively.

15. DISPOSAL OF MATERIAL SUBSIDIARIES

2019

As noted in note 7, on 6 June 2019, the Group disposed its entire interests in the Disposal Group, which was engaged in provision of advertising services, to an independent third party at the consideration of HK$34,750,000 that shall be satisfied by the allotment and issue of the shares in three tranches at the issue price of HK$0.2 per share of the purchaser to the Group or its designated nominees in accordance with the terms and conditions of the sales and disposal agreement.

The first tranche consideration at fair value of approximately HK$9,846,000 was received on 6 June 2019. The second and third tranche considerations are regarded as contingent consideration and will be receivable upon the conditions, as stated in the terms and conditions of the sales and disposal agreement, are met.

As at the completion date of disposal of the Disposal Group, the Directors assessed based on (i) the conditions of settlement of the second tranche consideration shares and the third tranche consideration shares; and (ii) the likelihood of satisfying the relevant conditions by the purchaser, it was considered that the recognition of fair value of the second tranche consideration shares and the third tranche consideration shares could only be confirmed by occurrence of satisfied conditions which is uncertain future event not wholly within the control of the Company. Given the information available to the board of directors was uncertain, the Directors disclosed that such part of the consideration was regarded as contingent assets as at 30 June 2019 which were assessed continually in accordance with the applicable accounting standards.

As at 31 December 2019, the Directors have re-assessed the fair value of the second tranche consideration shares and the third tranche consideration shares based on (i) the updated information provided by the purchaser relating to the satisfaction and fulfilment of the settlement conditions; and (ii) the nature of terms and conditions of the considerations pursuant to the relevant agreement, it is concluded the second tranche consideration shares and the third tranche consideration shares shall be recognised as a financial asset in accordance with HKFRS 3 “Business Combinations”. Having considered that the shares of the purchaser has been suspended since 2 July 2019 and the likelihood of satisfying the relevant conditions by the purchaser is still remote, the fair value of such part of the considerations has been assessed and reduced to a minimal value which is not material to the consolidated financial statements, hence, no fair value of the financial assets was recognised as at 31 December 2019.

Net liabilities at the date of disposal are as follows:

	HK$'000
Other intangible assets	**15,242**
Trade receivables	**5,094**
Other receivables and deposits	**24,080**
Bank and cash balance	**107**
Other payables	**(1,528)**
Amounts due to non-controlling interests	**(12,563)**
Licenses rights fee payables	**(27,600)**
Other borrowing	**(8,800)**
Shareholders' loan	**(99,165)**
	(105,133)
Non-controlling interest	**24,347**
Assignment of shareholders' loan	**99,165**
Loss on disposal of subsidiaries	**(8,533)**
Total consideration	**9,846**
Total consideration consists of:	
Issuance of shares	**9,846**
Net cash outflow arising on disposal:	
Bank and cash balance disposed of	**(107)**

2018

On 23 July 2018, the Group disposed its entire interests in Star Prestige Investment Limited which was engaged in provision of advertising services in Hong Kong to an independent third party at the consideration of HK$80,000,000. Net assets at the date of disposal are as follows:

	HK$'000
Other intangible assets	64,528
	64,528
Cost incurred on the disposal	313
Gain on disposal of a subsidiary	15,159
Total consideration satisfied by cash	80,000
Total consideration consists of:	
Cash consideration	80,000
Less: cost incurred on the disposal	(313)
	79,687
Net cash inflow arising on disposal:	
Cash consideration	80,000

16. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save as disclosed elsewhere in the result announcement, details of other significant transactions between the Group and other related parties during the year are disclosed as follows:

(a) Related party transactions

Nature of transactions

	Notes	**2019** **_HK$'000_**	2018 *HK$'000*
Professional fees	*(i)*	**528**	308
Leasing income	*(ii)*	**(6,520)**	–
Interest expenses	*(iii)*	–	28

Notes:

(i) During the years ended 31 December 2019 and 2018, professional fees were paid to a related company, in which Mr. Tsang Hing Bun, a director of the Company, was a director and has control over this company, for providing company secretary services. The service charges were determined at the market rate at the date when the service was provided.

(ii) On 24 January 2019, the Company entered into a licensing agreement (the "Licence Agreement") with Kingkey Enterprise Hong Kong Limited ("Kingkey Enterprise") (as Licensors) and UKF Management Limited (as Licensee), a wholly owned subsidiary of UKF (Holdings) Limited ("UKF"), the issued shares of which are primary listed on the Main Board of the Stock Exchange (Stock Code: 1468), where the Licensors agreed to lease certain areas of the office premises of 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong to Licensee for the period from 24 January 2019 to 15 May 2020, at a monthly rent HK$580,000. As Kingkey Enterprise is wholly-owned by Mr. Chen Jiarong, the associate of a substantial shareholder of the Company, holding 21.28% interest of the Company and also a substantial shareholder of UKF, therefore Kingkey Enterprise and UKF are related parties of the Company. Leasing income is charged at the market rate at the date when the Licence Agreement was entered.

(iii) In 2018, interest expenses were paid to Mr. Tsang Hing Bun, a director of the Company, for financial support provided to the Group. Interest is charged at the market rate at the date when the financial support was provided.

b) Compensation of key management personnel

The key management personnel of the Group are the Directors. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Train Media

On 29 March 2019, the Company and China Baoli Technologies Holdings Limited ("China Baoli" or the "Purchaser"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 164), entered into the sale and purchase agreement (the "Agreement"), pursuant to which the Company conditionally agreed to sell and the Purchaser conditionally agreed to acquire the entire issued share capital of Fullmoon Global Limited (the "Target Company"), the then direct wholly-owned subsidiary of the Company which then held 60% interest in Hong Kong Made (Media) Limited ("Hong Kong Made") and Ample Success Limited ("Ample Success"), the train media business vehicle of the Company, for an aggregate consideration of HK$34,750,000 (the "Consideration"), which shall be satisfied by the allotment and issue of the shares (the "Consideration Shares") in tranches at the issue price of HK$0.2 per share of the Purchaser at HK$0.1 per share of the Purchaser (the "Purchaser Shares") to the Company or its designated nominee(s) in accordance with the terms and conditions of the Agreement.

The Consideration shall be satisfied by the allotment and issue of the Consideration Shares in tranches at the issue price of HK$0.2 per Purchaser Share by the Purchaser to the Company or its designated nominee(s) in the following manner:

(i) as to HK$11,583,333, representing one third of the Consideration, shall be paid by the Purchaser to the Company or its designated nominee(s) by the allotment and issue of 57,916,665 Purchaser Shares upon the Completion Date (the "First Tranche Consideration Shares");

(ii) as to HK$11,583,333, representing one third of the Consideration, shall be paid by the Purchaser to the Company or its designated nominee(s) by the allotment and issue of 57,916,665 Purchaser Shares (the "Second Tranche Consideration Shares") upon the Second Tranche Consideration Shares Issue Date, subject to Hong Kong Made and 廣州聲煜金線廣告有限公司 ("Guangzhou Shengyu Golden Line Advertising Company Limited" for identification purpose only) ("Guangzhou Shenyu") having executed an agreement (in form and substance satisfactory to the Purchaser) to extend the term of the Hong Kong Made Contract for three years to 30 June 2023 (the "Second Tranche Consideration Shares Conditions"); and

(iii) as to HK$11,583,334, representing one third of the Consideration, shall be paid by the Purchaser to the Company or its designated nominee(s) by the allotment and issue of 57,916,670 Purchaser Shares (the "Third Tranche Consideration Shares") upon the Third Tranche Consideration Shares Issue Date, subject to the satisfaction of the following conditions (the "Third Tranche Consideration Shares Conditions"): (a) Hong Kong Made and Guangzhou Shengyu having executed an agreement (in form and substance satisfactory to the Purchaser) to further extend the term of the Hong Kong Made Contract for two years to 30 June 2025; and (b) Ample Success and Guangzhou Shengyu having executed an agreement (in form and substance satisfactory to the Purchaser) to further extend the term of the Ample Success Contract for two years to 30 March 2024.

In the event that the Second Tranche Consideration Shares Condition and/or the Third Tranche Consideration Shares Conditions are satisfied, the Purchaser shall allot and issue the Second Tranche Consideration Shares and/or the Third Tranche Consideration Shares (as the case may be) on the Second Tranche Consideration Shares Issue Date and/or the Third Tranche Consideration Shares Issue Date (as the case may be).

The Consideration was determined on an arm's length basis under normal commercial terms pursuant to the negotiation between the Company and the Purchaser after taking into account, among others, the equity interest of Hong Kong Made and Ample Success owned by the Target Company after capitalisation of certain loans owed by Hong Kong Made and Ample Success to the Target Company and the then shareholders of Hong Kong Made and Ample Success and calculated by reference to a premium over the net asset value of the Target Group as at 31 December 2018. Taking into account the above, the Directors consider that the Consideration is fair and reasonable and on normal commercial terms or better and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. Since only the First Tranche Consideration Shares were received by the Company, a loss on disposal of approximately HK$8.5 million was recorded as at the Completion Date. Assuming that the Second and the Third Tranche Consideration Shares could be issued at HK$0.2 each, the Company would record an income of approximately HK$23 million.

The disposal was completed on 6 June 2019 and the Company received the First Tranche Consideration Shares. Upon the completion, the Company ceased to operate Train Media business.

Recruit Magazine

Turnover for the recruitment advertising business recorded a 17.3% decrease from approximately HK$64.1 million in 2018 to approximately HK$53.0 million in 2019. The decrease was mainly attributed to the labour market becoming conservative due to the economic downturn in Hong Kong.

Property Investment

For the year ended 31 December 2019, the rental income decreased to approximately HK$161,000 compared with that of the same period in last year of approximately HK$462,000. The decrease was due to the disposal of the office premises since 2018 and the last premises was sold in March 2019 and completed in May of the same year. Since all the applicable ratios for the transaction to each of the independent third parties were below 5%, the transaction did not constitute any notifiable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Principal risk and uncertainties

In general, the Company's businesses are subject to several factors: (i) the overall macroeconomic condition in the PRC; and (ii) economic and employment condition in Hong Kong.

These factors may or may not have material impact on the Group's financial conditions and results of its operation. The Company will continue to implement prudential, operational and financial policies in seeking to address the impact of these uncertain factors.

PROSPECTS

The Group's recruitment advertising business faced challenging conditions during the reporting period, as reader habits continued to move away from print and towards digital. This led to declining print circulations and a subsequent reallocation of advertiser budgets. In order to drive subscription and advertising revenues, the management of the Group commenced to switch their focus for digital over print. By doing so, the Group continued to develop its digital business by adopting "offline to online" strategy, which provide readers, advertisers and players with a diversified content, advertising solutions and services. It is expected that such changes would lead to an improvement on the returns in terms of subscriber attraction and retention.

Having considered that the Recruit magazine and website is still a core strength of the Group that has commandeered over years, we will continue to preserve our position in employment and print media industry through maintaining stringent cost control, making improvements in work flow efficiencies, as well as restructuring and streamlining management and operational processes.

Although Hong Kong is experiencing the poorest economic condition in the past decade, following the fade of social movement, we consider that Hong Kong will continue to face uncertainty and downside risk. While external conditions are challenging, the fundamental business strategy of the Group is to made it well positioned through high quality content and services in order to capture the advertiser confidence. Besides, the Company will continue to explore and grasp opportunities for business development arising from the reform in cultural and educational related sector. We believe that upstream online market and downstream entertainment and educational industries have enormous growth potential. Therefore, we considered that the addition of a potential new sectors could accelerate our business expansion and development through various new business model, investment and/or acquisition which is in the interest of the Company and its shareholders as a whole.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2019 was approximately HK$57.2 million (2018: HK$73.1 million) and represented a decrease of 21.8% from the corresponding year which was mainly due to the conservative labour market and disposal of Train Media business which contributed approximately HK$9 million revenue in 2018. The gross profit margin increased from 68.2% in 2018 to 75.6% in 2019 as a result of the change in sales mix.

Other income decreased by 52.4% to approximately HK$9.0 million (2018: HK$18.9 million) in 2019 due to the absence of gain on profit guarantee arrangement of HK$14.6 million which took place in 2018 and was partially offsetted by the leasing income of approximately HK$6.5 million (2018: nil).

The administrative and other operating expenses decreased by 45.3% to approximately HK$57.1 million (2018: HK$104.4 million) mainly due to the decrease in the amortisation of other intangible assets arisen from the exclusive advertising licence rights in Train Media business which was disposed on in 2019 from approximately HK$50.5 million in 2018 to approximately HK$7.6 million in 2019.

As at 31 December 2019, certain receivables from several customers have been aged over the credit period granted by the Company. As a result, they were considered not probable to be collected and an impairment loss of approximately HK$1.1 million (2018: HK$3.7 million) has been recognised. No impairment on other assets was made for the year ended 31 December 2019 (2018: HK$20 million).

FINANCIAL KEY PERFORMANCE

The above financial data were chosen to present in this annual report as they represent a material financial impact on the financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 December 2019.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group had net current assets of approximately HK$111.4 million (2018: HK$108.5 million). The Group's current ratio as at 31 December 2019, which is defined as current assets over current liabilities, was 6.3 (2018: 2.8). As at 31 December 2019, the Group had a total cash and bank balance of approximately HK$100.1 million (2018: HK$109.5 million).

The Group's gearing ratio as at 31 December 2019 was 3.32% (2018: 0), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest. Total other borrowing as at 31 December 2019 was approximately HK$5.8 million (2018: nil). There was no bank loan as at 31 December 2019 (2018: nil).

The Group adopts centralised financing and treasury policies in order to ensure the Group's funding is utilised efficiently. Conservative approach is adopted on monitoring foreign exchange exposure and interest rate risk. Forward contracts were used to hedge the foreign currency exposure in trading and capital expenditure when it was considered appropriate.

CAPITAL STRUCTURE

As at 31 December 2019, the total issued shares of the Company ("Shares") was 446,614,000 (2018: 446,614,000 Shares) at HK$0.2 each.

Share Options

For the year ended 31 December 2019, 2,830,000 share options were lapsed and no share options were granted, exercised or cancelled.

Fund Raising Activity

On 31 July 2018, the Company entered into a placing agreement with BaoQiao Partners Capital Limited ("BaoQiao", the "Placing Agent") pursuant to which the Company conditionally agreed to place, through the Placing Agent, on a best-effort basis, a maximum of 74,000,000 Shares under the general mandate granted by the shareholders of the Company at the annual general meeting held on 8 June 2018 to placees who and whose ultimate beneficial owners were third parties independent of and not connected with the Company and its connected persons as defined in the Listing Rules at a price of HK$1.40 per share. The gross and net proceeds raised from the placing of a total of 74,000,000 Shares were approximately HK$103.6 million and HK$103.0 million respectively where the intended use of proceeds was for general working capital and future business and investment opportunities. As at 31 December 2019, approximately HK$7.6 million has been applied for general working capital. The Company will utilise the remaining proceeds when quality investment opportunities are identified.

Save as disclosed above, there was no fund raising activity taken place during the financial year 2019.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any significant capital commitments (2018: nil).

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no contingent liabilities (2018: nil).

EVENT AFTER REPORT DATE

There is no significant event subsequent to the end of reporting period.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries during the year.

INVESTMENTS IN SECURITIES

As at 31 December 2019, the Company has invested in two securities. The details of, the breakdown and the movement of which during the year is summarised below:

	Principal business	No. of share	% of shareholding	At 1 January 2019 *HK$*	Addition *HK$*	Fair value changed during the year *HK$*	At 31 December 2019 *HK$*	% to the Group's net assets as at 31 December 2019
Listed equity securities – Hong Kong								
Kingkey Financial international (Holdings) Limited (formerly known as (UKF (Holdings) Limited) (HK: 1468) #	(i) securities brokerage; (ii) wealth management; and (iii) other financial services, mink farming and trading of mink's fur skin.	115,740,000	2.39%	26,851,680	–	17,708,220	44,559,900	25.7%
China Baoli Technology (Holdings) Limited (HK: 0164) #	(i) mobile and multi-media technologies; (ii) gamma ray radiation services; (iii) tourism and hospitality business; and (iv) train media.	57,916,665	1.56%	–	9,846,000	(4,290,354)	5,555,646	3.2%
Total				26,851,680	9,846,000	13,417,866	50,115,546	28.9%

Included in equity instruments at fair value through other comprehensive income

The Company believes that, to allocate certain capital to securities investment is a means of diversifying the Group's risk while a higher return in general can be improved which can in turn enhance the Company's value and is beneficial to the shareholders as a whole. These securities investments are categorised as equity instrument at fair value through other comprehensive income accordingly to Hong Kong Financial Reporting Standards and the Company consider to sell some or all of these investments when i) there is a working capital need; ii) shortfall of fund to repay the due debts; or iii) a profitable return is achieved.

Save as disclosed above, no significant securities investments were made and no dividend was received from the above securities during the year ended 31 December 2019.

CHARGES ON GROUP ASSETS

The Group has no charges on group assets at the end of the reporting period (2018: nil).

MISCELLANEOUS

During the financial year ended 31 December 2019, there were no transactions, arrangements or contracts of significance entered into by the Group in which any Director or an entity connected with any Director are or were materially interested, either directly or indirectly.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2019, the Group had 50 employees (2018: 60). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees' benefits include provident fund, insurance and medical cover.

DIVIDENDS

The Directors did not recommend any final dividend for the year ended 31 December 2019 (2018: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, the Company did not purchase, redeem or sell any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

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 as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2019.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report for the year (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any.

In the opinion of the Board, the Company has complied with the Code for the year, except for the following deviation:

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Currently, the positions of Chairman and Chief Executive Officer have been vacant but the Executive Director performs similar function as Chief Executive Officer. Besides, the Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

AUDIT COMMITTEE

The audit committee has four members comprising three independent non-executive directors, namely, Mr. Chan Chiu Hung, Alex (Chairman), Dr. Leung Ka Kit, Mr. William Keith Jacobsen and one non-executive director, namely, Mr. Yiu Yu Cheung with terms of reference in compliance with the Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of this announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2019.

The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the results announcement.

By order of the Board
KK CULTURE HOLDINGS LIMITED
Tsang Hing Bun
Executive Director

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises Mr. Tsang Hing Bun as executive Director; Mr. Yiu Yu Cheung as non-executive Director; and Dr. Leung Ka Kit, Mr. William Keith Jacobsen and Mr. Chan Chiu Hung, Alex, as independent non-executive Directors.