GLOBAL MASTERMIND
環 球 大 通

GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8063

ANNUAL REPORT 2020

*For identification purposes only

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent Non-Executive Directors

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim *(appointed on 24 July 2020)*
Mr. Tsai Yung Chieh, David *(resigned on 24 July 2020)*

COMPLIANCE OFFICER

Mr. Mung Bun Man, Alan

COMPANY SECRETARY

Ms. Chu Man Ting *(appointed on 1 May 2020)*
Mr. Lee Chan Wah *(resigned on 1 May 2020)*

AUDIT COMMITTEE

Mr. Law Kwok Ho, Kenward *(Committee Chairman)*
Mr. Fung Wai Ching
Mr. Lai Hok Lim *(appointed on 24 July 2020)*
Mr. Tsai Yung Chieh, David *(resigned on 24 July 2020)*

REMUNERATION COMMITTEE

Mr. Lai Hok Lim *(Committee Chairman, appointed on 24 July 2020)*
Mr. Mung Bun Man, Alan
Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Tsai Yung Chieh, David *(Committee Chairman, resigned on 24 July 2020)*

NOMINATION COMMITTEE

Mr. Fung Wai Ching *(Committee Chairman)*
Mr. Mung Bun Man, Alan
Mr. Lai Hok Lim *(appointed on 24 July 2020)*
Mr. Tsai Yung Chieh, David *(resigned on 24 July 2020)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Mung Bun Man, Alan *(Committee Chairman)*
Mr. Fung Wai Ching
Ms. Chu Man Ting *(appointed on 1 May 2020)*
Mr. Lee Chan Wah *(resigned on 1 May 2020)*

AUTHORISED REPRESENTATIVES

Mr. Mung Bun Man, Alan
Ms. Chu Man Ting *(appointed on 1 May 2020)*
Mr. Lee Chan Wah *(resigned on 1 May 2020)*

AUDITOR

Moore Stephens CPA Limited

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Five-Year Financial Summary

RESULTS

For the year ended 31 December

	2020 HK$'000	(Note) 2019 HK$'000	(Note) 2018 HK$'000	2017 HK$'000	2016 HK$'000
Service income from provision of travel-related services	**3,521**	26,019	31,896	33,907	37,374
Interest income from money lending business	**29,636**	29,084	16,528	14,331	9,281
Commission income from securities brokerage	**2,918**	4,322	4,052	511	–
Interest income from margin financing	**6,404**	4,619	2,603	20	–
Interest income from initial public offering financing	**60**	–	12	13	–
Handling and settlement income arising from securities brokerage	**5,359**	5,738	5,143	767	–
Asset management fee income	**151**	540	362	–	–
Advisory fee income from corporate finance	**738**	250	–	–	–
Net realised (loss) gain on securities investment	**(11,637)**	5,068	3,802	1,221	(3,643)
Net unrealised (loss) gain on securities investment	**(4,236)**	(4,506)	(7,960)	5,313	174
Other income, other gains and losses	**16,447**	12,340	14,047	13,760	6,713
Staff costs	**(41,967)**	(54,004)	(46,982)	(52,921)	(39,525)
Depreciation and amortisation expenses	**(9,199)**	(8,927)	(5,712)	(8,492)	(11,342)
Loss on fair value changes of investment properties	**(17,800)**	(6,700)	(4,300)	–	–
Impairment loss on intangible assets	**–**	–	(4,212)	(16,000)	(19,000)
Impairment loss on interest in a joint venture	**(3,248)**	(6,000)	–	–	(2,845)
Impairment loss on loan receivables	**(59,320)**	(12,762)	(13,304)	–	–
Impairment loss on trade receivables	**(93,714)**	(11,775)	(24,306)	–	–
Loss of assets arising from the incidents	**(58,765)**	–	–	–	–
Impairment loss on available-for-sale investments	**–**	–	–	–	(13,886)
Other expenses	**(21,995)**	(22,285)	(35,796)	(21,894)	(20,739)
Finance costs	**(17,616)**	(14,919)	(2,063)	(701)	(2,755)
Share of (loss) profit of a joint venture	**(2,590)**	(2,002)	71	66	701
Loss before tax	**(276,853)**	(55,900)	(66,119)	(30,099)	(59,492)
Income tax credit	**9,769**	1,307	1,463	1,650	3,700
Loss for the year	**(267,084)**	(54,593)	(64,656)	(28,449)	(55,792)

Note: As a result of changes in presentation format of the consolidated statement of profit or loss and other comprehensive income, the figures in 2019 and 2018 have been reclassified to conform to the current year's presentation.

Five-Year Financial Summary

ASSETS AND LIABILITIES

As at 31 December

	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000	2016 HK$'000
Total assets	**600,973**	918,540	831,759	732,568	662,315
Total liabilities	**(251,353)**	(301,646)	(161,454)	(64,512)	(59,944)
Equity attributable to owners of the Company	**349,620**	616,894	670,305	668,056	602,371

Chairman's Statement

Dear shareholders

During the year ended 31 December 2020, we reported a loss of HK$267.08 million resulting from a severe deterioration in our travel business caused by the COVID-19 pandemic and a significant increase in impairment losses on trade and loan receivables. Besides, we were severely hurt by three purported investments conducted and unexplained cash withdrawn by the sole director of a subsidiary without the Board's authority in the second half of 2020. The incidents relating to the three purported investments and the unexplained cash withdrawal resulted in the recognition of a loss of assets of HK$58.77 million. In response to the incidents, we are taking recovery actions by engaging external legal advisers to commence legal proceedings with the view to (i) recouping the unexplained cash withdrawal and (ii) seeking damages and other remedies from individuals and entities against whom we may have causes of actions as a result of the three purported investments and the unexplained cash withdrawal. Details of the incidents, the impairment loss, and the recovery actions are disclosed in the Company's announcement dated 29 December 2020.

Although COVID-19 negatively impacted businesses worldwide in 2020, the global economy is forecast to rebound in 2021 as the rollout of vaccination allows lockdown measures to be gradually relaxed or lifted. While the rollout of vaccination begins to signal the end of the COVID-19 pandemic, we remain cautious and watchful about the development of the COVID-19 pandemic and its impacts. We will continue to monitor the business environment with caution and strengthen our business foundation by focusing on our existing businesses. Meanwhile, we will continue to maintain a proactive and prudent approach in its cost control and financial strategy to improve our financial position.

On behalf of the Board, I would like to close by thanking our shareholders and customers for their continued confidence and support, our board of directors, the management team, and every dedicated staff member for their hard work and significant contribution in the past years.

Cheung Kwok Wai Elton
Chairman

Hong Kong, 29 March 2021

FINANCIAL REVIEW

Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") recorded a loss of HK$267,084,000 for the year ended 31 December 2020 (2019: HK$54,593,000). The significant increase in loss for the year was mainly due to (i) a HK$22,498,000 decrease in service income from the provision of travel-related services resulted from the COVID-19 pandemic, (ii) a HK$128,497,000 increase in impairment losses on loan and trade receivables as the forward-looking information indicating there has been an increase in credit risk caused by the COVID-19 pandemic and the reclassification of three loan receivables from stage 1 (initial recognition) to stage 3 (credit-impaired assets), (iii) an HK$11,100,000 increase in loss on fair value changes of investment properties, and (iv) a loss of assets of HK$58,765,000 resulting from the Incidents (as defined below) relating to Solution Apex Investments Limited ("**Solution Apex**"), a wholly-owned subsidiary of the Company.

Revenue and profitability

An analysis of the Group's revenue for the years ended 31 December 2020 and 2019 is as follows:

	2020	2019
	HK$'000	HK$'000
Service income from provision of travel-related services	**3,521**	26,019
Interest income from money lending business	**29,636**	29,084
Net realised (loss) gain on securities investment	**(11,637)**	5,068
Revenue derived from financial services business	**15,630**	15,469
	37,150	75,640

For the year ended 31 December 2020, the revenue of the Group amounted to HK$37,150,000, which was comprised of (i) service income from the provision of travel-related services of HK$3,521,000 (2019: HK$26,019,000), (ii) interest income from money lending business of HK$29,636,000 (2019: HK$29,084,000), (iii) net realised loss on securities investment of HK$11,637,000 (2019: net realised gain of HK$5,068,000), and (iv) revenue derived from financial services business of HK$15,630,000 (2019: HK$15,469,000) (including commission income from securities brokerage, interest income from margin financing and initial public offering ("**IPO**") financing, handling and settlement income arising from securities brokerage, asset management fee income, and advisory fee income from corporate finance), representing a 51% decrease as compared to HK$75,640,000 for the year ended 31 December 2019. This decrease was mainly attributable to (i) the HK$22,498,000 decrease in service income from the provision of travel-related services resulted from the COVID-19 pandemic, (ii) the recognition of the net realised loss of HK$11,637,000 on securities investment for the year ended 31 December 2020, whereas a net realised gain of HK$5,068,000 was recorded in the previous year.

Other income, other gains and losses

Other income, other gains and losses for the year ended 31 December 2020 amounted to a net income of HK$16,447,000, representing an increase of 33% compared to the net income of HK$12,340,000 for the year ended 31 December 2019. Such increase was mainly due to the receipt of the government grants of HK$10,300,000 relating to the COVID-19 pandemic-related subsidies, which was partially offset by (i) a HK$2,511,000 decrease in interest income resulted from the decrease in the Group's bank balances and cash, and (ii) the absence of the previous year's incentive income from ticketing system of HK$1,563,000.

Staff costs, depreciation expenses, and other expenses

For the year ended 31 December 2020, staff costs amounted to HK$41,967,000 (2019: HK$54,004,000). Depreciation expenses amounted to HK$9,199,000 (2019: HK$8,927,000). Other expenses amounted to HK$21,995,000 (2019: HK$22,285,000).

The decrease in staff costs was due to most of the Group's travel business staff taking unpaid leave since the first quarter of 2020 in response to the challenge posed by the COVID-19 pandemic.

Loss on fair value changes of investment properties

At the end of the reporting period, the Group remeasured its investment properties in Hong Kong at fair value based on a valuation prepared by an independent qualified valuer, and recognised a loss of HK$17,800,000 on the fair value changes of investment properties (2019: HK$6,700,000). The increase in loss on fair value changes of investment properties was due to the current subdued office demand and rental correction cycle.

Impairment loss on loan receivables

At the end of the reporting period, the Directors performed an impairment assessment on the Group's loan receivables with reference to a valuation prepared by an independent professional valuer. Based on the valuation, the Group recognised an impairment loss of HK$59,320,000, representing an increase of HK$46,558,000 as compared to that for the year ended 31 December 2019. This significant increase was due to (i) the increase in the probability of default in calculating the 12-month and lifetime expected credit losses ("**ECL**") of loan receivables classified under stages 1 and 2 caused by the COVID-19 pandemic, and (ii) the reclassification of three loan receivables from stage 1 (initial recognition) to stage 3 (credit-impaired assets) as a result of three customers' failure to repay the principal amount of the loan and/or interest (as the case may be) as they fell due.

Impairment loss on trade receivables

At the end of the reporting period, the Directors performed an impairment assessment on the Group's trade receivables from travel business with reference to a valuation prepared by an independent professional valuer. Based on the valuation, the Group recognised an impairment loss of HK$93,714,000, representing an increase of HK$81,939,000 as compared to that for the year ended 31 December 2019. This significant increase was due to the increase in the probability of default in calculating the ECL resulted from the impact of the COVID-19 pandemic on the travel industry across the globe.

Impairment loss on interest in a joint venture

At 30 June 2020, the Directors performed an impairment assessment on the interest in the joint venture with reference to a valuation performed by an independent professional valuer. The impairment assessment was calculated based on the recoverable amounts of the Group's cash generating unit of the travel business in Malaysia.

Since both actual sales and profits generated from the joint venture fell below expectation due to the COVID-19 pandemic and the slowdown of the global and local economy in Malaysia, the recoverable amount of the interest in the joint venture was estimated to be nil. On this basis, the Group fully impaired its interest in the joint venture and recognised an impairment loss of HK$3,248,000 in the year ended 31 December 2020 (2019: HK$6,000,000).

Loss of assets arising from the incidents

As disclosed in the Company's announcement dated 29 December 2020, during the second half of 2020, Solution Apex conducted three purported investments for HK$47,534,000 (the "**Purported Investments**") and made unexplained cash withdrawals amounting to HK$11,231,000 (the "**Unexplained Cash Withdrawals**"). Based on the information available to the Company, the Purported Investments and the Unexplained Cash Withdrawals appeared to have been carried by the then sole director of Solution Apex, Mr. Allan Yap, without the Board's authority (the "**Incidents**").

Upon knowing the Incidents, the Directors examined the information and documents gathered relating to the Purported Investments and the Unexplained Cash Withdrawals in detail and cast doubt on the values and purposes of the Purported Investments and the Unexplained Cash Withdrawals. Accordingly, the Directors resolved to make an impairment and recognise a loss of assets of HK$58,765,000 on the Purported Investments and the Unexplained Cash Withdrawals on 29 December 2020. Details of the Incidents and the impairment loss on Solution Apex are disclosed in the Company's announcement dated 29 December 2020.

Finance costs

For the year ended 31 December 2020, the finance costs amounted to HK$17,616,000 (2019: HK$14,919,000), of which (i) HK$1,018,000 (2019: HK$603,000) was related to the interest expenses on short-term bank borrowings, (ii) HK$8,000,000 (2019: HK$5,041,000) was related to the interest expense on other borrowing, (iii) HK$8,141,000 (2019: HK$8,449,000) was related to the interest expense on convertible bonds, and (iv) HK$457,000 (2019: HK$826,000) was related to the interest expenses on lease liabilities. The increase was mainly due to the full year effect of interest expense on other borrowing as the loan of HK$100,000,000 granted to the Company by a finance company was drawn down in May 2019.

Share of loss of a joint venture

During the year ended 31 December 2020, the Group shared a loss of HK$2,590,000 from the joint venture (2019: HK$2,002,000).

BUSINESS REVIEW

Travel business

During the year ended 31 December 2020, the Group's travel business generated revenue of HK$3,521,000 (2019: HK$26,019,000), representing a decrease of 86% as compared to last year. This significant decrease was due to the COVID-19 pandemic, as most of the travel activities have significantly declined as a result of the travel restrictions, nationwide lockdowns, and quarantine measures adopted by governments around the world.

During the year ended 31 December 2020, the impairment loss on trade receivables of HK$93,714,000 was recognised (2019: HK$11,775,000). As at 31 December 2020, the Group's trade receivables from travel business (before accumulated loss allowance of ECL of HK$130,050,000) amounted to HK$139,885,000 (2019: HK$149,567,000). Details of the impairment loss on trade receivables are disclosed in the section headed "Impairment loss on trade receivables" under "Financial Review" above.

Money lending business

During the year ended 31 December 2020, the Group's money lending business generated interest income on loans of HK$29,636,000 (2019: HK$29,084,000), representing an increase of 2% as compared to last year. During the year, the Group did not grant any new loans to customers but extended the final repayment dates of five existing loans in the aggregate principal amount of HK$244,247,000.

Management Discussion and Analysis

During the year, a customer failed to repay the outstanding principal amount of the loan together with the accrued and unpaid interest thereon under the loan agreement. The Group has commenced legal actions against the customer to seek to recover the outstanding principal amount together with the accrued and unpaid interest thereon. Also, two customers did not pay the interest on loans under the loan agreements to the Group during the year. The Group has taken action against one of the customers to take procession of the security for recovering the outstanding principal amount of the loan together with the accrued and unpaid interest thereon.

During the year ended 31 December 2020, the impairment loss on loan receivables of HK$59,320,000 was recognised (2019: HK$12,762,000). As at 31 December 2020, the Group's loan receivables together with accrued interest receivables (before accumulated loss allowance of ECL of HK$85,386,000) amounted to HK$331,366,000 (2019: HK$325,269,000). Details of the impairment loss on loan receivables are disclosed in the section headed "Impairment loss on loan receivables" under "Financial Review" above.

Treasury management business

During the year ended 31 December 2020, the Group did not acquire any securities investment (2019: acquisition of securities investment of HK$15,145,000). The Group made a trading loss of HK$11,657,000 (2019: trading gain of HK$4,902,000) in disposing of two securities investments at an aggregate consideration (net of transaction costs) of HK$23,949,000 (2019: HK$33,437,000), with carrying amounts of HK$35,606,000 (2019: HK$28,535,000). Taking into account the dividend income of HK$20,000 (2019: HK$166,000) from its securities investment in the year ended 31 December 2020, the Group recorded a net realised loss of HK$11,637,000 (2019: net realised gain of HK$5,068,000) on its securities investment. As at 31 December 2020, the Group remeasured its securities investment at fair value and recorded a net unrealised loss of HK$4,236,000 (2019: HK$4,506,000) on securities investment.

Financial services business

During the year ended 31 December 2020, the revenue of the Group's financial services business increased by 1% to HK$15,630,000 (2019: HK$15,469,000).

Commission income from securities brokerage for the year ended 31 December 2020 decreased by 32% to HK$2,918,000 (2019: HK$4,322,000). This decrease was due to lower transaction volumes of securities dealings by the Group's customers.

Interest income from margin financing and IPO financing for the year ended 31 December 2020 increased by 40% to HK$6,464,000 (2019: HK$4,619,000) as there was an increase in the Group's securities margin financing business. The total outstanding margin clients' receivables from securities margin financing as at 31 December 2020 amounted to HK$58,515,000 (2019: HK$71,862,000). After performing an impairment assessment, the Directors concluded that no impairment loss on margin clients' receivables was required for the year ended 31 December 2020 (2019: Nil).

The handling and settlement income arising from securities brokerage for the year ended 31 December 2020 decreased by 7% to HK$5,359,000 (2019: HK$5,738,000), as the transaction volumes of securities dealings by the Group's customers was lower.

The asset management fee income for the year ended 31 December 2020 decreased by 72% to HK$151,000 (2019: HK$540,000). The decrease was due to a decline in the assets under management by the Group.

Since 11 March 2019, the Group has been licensed to carry on Type 6 (Advising on corporate finance) regulated activity under the Securities and Futures Ordinance. During the year ended 31 December 2020, the Group recognised advisory fee income of HK$738,000 (2019: HK$250,000) from the provision of financial advisory services.

Disposal of Solution Apex

In response to the Incidents, the Directors resolved to (i) remove all director(s) of Solution Apex and Durable Gold Investments Limited, the immediate holding company of Solution Apex, and replace them by the Company's designated persons, (ii) engage external legal advisers to commence legal proceedings to seek to recoup the cash utilised for the Purported Investments and the Unexplained Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the Incidents (the "**Recovery Actions**"), and (iii) establish an investigation team comprising Directors and senior management of the Company unrelated to the Incidents to investigate on the Incidents and oversee the progress of the Recovery Actions.

To limit its exposure on and enable it to stay away from the uncertainty of litigations relating to the Incidents and the Recovery Actions, the Group disposed of the entire issued share capital of Solution Apex to an independent third party at a cash consideration of HK$1 as adjusted by the outcome sharing adjustment mechanism, which enables the Group to retain the majority outcome and proceeds from the Recovery Actions. Details of the disposal of Solution Apex and the outcome sharing adjustment mechanism are disclosed in the Company's announcement dated 29 December 2020.

The disposal of Solution Apex was completed on 29 December 2020.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group funded its operations through a combination of cash generated from operations, equity attributable to owners of the Company, and borrowings. Equity attributable to owners of the Company decreased from HK$616,894,000 at 31 December 2019 to HK$349,620,000 at 31 December 2020. This decrease was due to the substantial loss incurred by the Group for the year ended 31 December 2020.

On 9 November 2020, a supplemental agreement was entered into between the Company and the finance company to extend further the final repayment date of the loan of HK$100,000,000 granted by the finance company under the loan agreement dated 16 May 2019 to 12 November 2021. The loan is interest-bearing at 8% per annum and secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director.

On 10 November 2020, the Company redeemed HK$20,000,000 of the outstanding principal amount of the convertible bonds of HK$80,000,000 issued on 13 November 2018 (the "**2018 CB**") in cash. On 12 November 2020, the Company issued new convertible bonds in an aggregate principal amount of HK$60,000,000 (the "**2020 CB**") to the holder of the 2018 CB. The 2020 CB's are interest-bearing at 8% per annum, secured by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, and maturing on 11 November 2022. The gross proceeds from the issue of the 2020 CB of HK$60,000,000 were utilised to offset against the non-redeemed principal amount of the 2018 CB. The holder(s) of the 2020 CB is/are entitled to convert the 2020 CB into shares of the Company at a conversion price of HK$0.071 per share (subject to adjustment), commencing from the issue date and ending on the fifth business day prior to the maturity date. The maximum number of shares to be issued upon conversion is 845,070,422, and none of them was issued up to 31 December 2020.

As at 31 December 2020, the Group had total outstanding bank borrowings of HK$30,233,000 due to a bank in Singapore. The bank borrowings are secured by (i) a legal assignment of life insurance policy in respect of a director of Safe2Travel Pte Ltd ("**Safe2Travel**"), a wholly-owned subsidiary of the Company, (ii) an assignment of contracts and contract proceeds/first fixed charge over Safe2Travel's account, (iii) a floating charge over the trade receivables of Safe2Travel, (iv) various personal guarantees given by the director of Safe2Travel, and (v) a corporate guarantee given by the Company. During the years ended 31 December 2020 and 2019, there was a technical breach of a loan covenant relating to the prescribed amount of the net tangible assets requirement of Safe2Travel. The bank has given its accommodation for the technical breach and did not demand immediate repayment of the outstanding bank borrowings. The management of the Company was in the process of negotiation with the bank for a settlement plan during the year ended 31 December 2020. In December 2020, the Company negotiated with the bank for the detail terms for settlement and finally reached an agreement in March 2021 with the bank in repaying the outstanding bank borrowings and the accrued interest payable (after deducting the surrender value of US$745,000 (equivalent to HK$5,785,000) received by the bank in January 2021 of the life insurance policy in respect of a director of Safe2Travel), involving the repayment of (i) 10% of the outstanding balance of SG$504,000 (equivalent to HK$2,961,000) in January 2021, (ii) SG$214,000 (equivalent to HK$1,253,000) in February 2021, and (iii) the remaining balance of SG$3,487,000 (equivalent to HK$20,433,000) together with the accrued and unpaid interest thereon by 17 equal monthly instalments commencing in March 2021. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong at carrying amount as at 31 December 2020 of HK$163,300,000 and the assignment of rental proceeds from the Group's investment properties to the bank.

As at 31 December 2020, the total borrowings of the Group amounted to HK$190,233,000 (2019: HK$214,039,000), representing (i) the outstanding principal amount of the 2020 CB of HK$60,000,000 (2019: the 2018 CB of HK$78,058,000), (ii) the other borrowing of HK$100,000,000 (2019: HK$100,000,000), and (iii) the bank borrowings of HK$30,233,000 (2019: HK$35,981,000).

The Group's gearing ratio calculated as a percentage of total borrowings over equity attributable to owners of the Company, was 54%, (2019: 35%). The significant increase was mainly attributable to the substantial decrease in the equity attributable to owners of the Company resulted from the substantial loss incurred for the year.

As at 31 December 2020, the bank balances and cash of the Group amounted to HK$28,721,000 (2019: HK$97,031,000). The decrease was attributable to (i) the loss of assets resulting from the Incidents, and (ii) the redemption of HK$20,000,000 of the outstanding principal amount of the 2018 CB.

As at 31 December 2020, the Group's net current assets and current ratio were HK$32,355,000 (2019: HK$386,457,000) and 1.1 times (2019: 2.3 times) respectively. The decrease in net current assets and current ratio was mainly attributable to (i) the significant increase in impairment losses on trade and loan receivables recognised, (ii) the loss of assets resulting from the Incidents, and (iii) the redemption of HK$20,000,000 of the outstanding principal amount of the 2018 CB.

CAPITAL STRUCTURE

During the year ended 31 December 2020, there was no change in the Company's share capital.

EXCHANGE RATE RISK

Foreign currency transactions have been translated into the functional currencies using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the end of the reporting period were recognised in the profit or loss. In the event of fluctuating foreign exchange rates, there is a risk exposure to that settlement to suppliers or payment from customers may not be reconciled. The exposed amount of foreign currencies would be monitored regularly, and forward contracts would be entered for hedging the risks if considered necessary.

PLEDGE OF ASSETS

As at 31 December 2020, the following assets were pledged to a bank in Singapore for securing the banking facilities granted to the Group's travel business:

(a) the net carrying amount of trade receivables from travel business amounting to SG$1,678,000 (equivalent to HK$9,835,000) (2019: SG$19,647,000 (equivalent to HK$113,486,000)); and

(b) the receivable on the surrender value of the life insurance policy in respect of a director of Safe2Travel of US$745,000 (equivalent to HK$5,785,000) (2019: deposit and prepayment for the life insurance policy in respect of a director of Safe2Travel of US$899,000 (equivalent to HK$7,010,000)).

As at 31 December 2020, cash collateral of SG$670,000 (equivalent to HK$3,926,000) (2019: SG$640,000 (equivalent to HK$3,668,000)) included in other receivables was pledged for financial guarantees of SG$1,260,000 (equivalent to HK$7,383,000) (2019: SG$3,216,000 (equivalent to HK$18,574,000)) given by insurance companies in favour of the Group's customers for the due performance and observance of the Group's obligations under contracts with its travel business customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. At the end of the reporting period, the Directors did not consider it was probable that a claim would be made against the Group.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities.

MATERIAL COMMITMENTS

As at 31 December 2020, the Group had no material commitments.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save and except for the disposal of Solution Apex, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint venture during the year ended 31 December 2020.

ENVIRONMENTAL POLICIES

The Group is committed to acting in an environmentally responsible manner in our business operations and promoting green measures towards environmental protection to our employees. Our Group adheres to the principle of Recycling, Reducing and Reusing. Doubled-sided printing and copying, use of recycled paper and the reduction of energy consumption by switching off idle lightings and electrical appliance are encouraged for implementation by the Group. In order to enhance environmental sustainability, our Group will review its environmental practices from time to time and will consider implementing other eco-friendly measures and practices in the Group's business operation if and when appropriate.

COMPLIANCE WITH REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. Risks of non-compliance with the relevant requirements could lead to adverse impact on business operation and financial position of the Group. The Board as a whole is responsible to ensure the Group is in compliance with relevant laws and regulations that have a significant impact on the Company.

During the year ended 31 December 2020, the Group complied with applicable laws and regulations such as Travel Agents Act applicable for its travel business in Singapore, the Money Lenders Ordinance and the Money Lenders Regulations for its money lending business in Hong Kong, the Securities and Futures Ordinance for its financial services business in Hong Kong, the GEM Listing Rules, the Hong Kong Companies Ordinance (Cap. 622), and other applicable laws and regulations in which the Group operates.

During the year ended 31 December 2020, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

EMPLOYEES INFORMATION

As at 31 December 2020, the total number of employees of the Group was 93 (2019: 106). Staff costs (including directors' emoluments) for the year ended 31 December 2020 amounted to HK$41,967,000 (2019: HK$54,004,000). The decrease in staff costs was mainly attributable to most of the Group's travel business staff taking unpaid leave since the first quarter of 2020 in response to the challenge posed by the COVID-19 pandemic. In addition to basic salaries, contributions to retirement benefits schemes and discretionary bonus, staff benefits also include medical schemes and share options.

OUTLOOK

Although COVID-19 negatively impacted businesses worldwide in 2020, the global economy is forecast to rebound in 2021 as the rollout of vaccination allows lockdown measures to be gradually relaxed or lifted. Considering the time required for the vaccination, the Directors expect the Group's travel business will not improve until the second half of 2021.

As the financial market recovery is well advanced compared to the economic recovery, the outlook remains equity-friendly. The Directors will closely monitor and adjust the Group's securities investment from time to time and realise the securities investment into cash as and when appropriate in 2021.

Even though the rollout of vaccination begins to signal the end of the COVID-19 pandemic and the economy is projected to improve in 2021, the Directors will continue to closely monitor the repayment and financial condition of the Group's money lending customers in 2021 to ensure speedy actions on any early signs of loan recovery issues. As a matter of prudent measure, the Directors intend to maintain the size rather than to expand the Group's loan portfolio further.

The Directors expect the performance of the Group's financial services business will improve in 2021 compared to 2020, as more and more US-listed Chinese companies are expected to apply for secondary listings in Hong Kong, which has a positive impact on Hong Kong's securities industries in the long run.

Although there is a signal to the end of the COVID-19 pandemic, the Directors will be cautious and watchful over the development of the COVID-19 pandemic. The Directors commit to lead the Group to weather the challenges and continue to monitor the business environment cautiously and strengthen the Group's business foundation by focusing on its existing businesses. In addition to focusing on the Group's existing businesses, the Directors will continue to cautiously identify suitable investment opportunities for the Group to diversify its businesses and broaden its revenue.

EVENTS AFTER THE REPORTING PERIOD

(a) On 12 March 2021, the Board proposed to implement the share consolidation (the "**Share Consolidation**") by consolidating every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into one ordinary share of HK$0.10 each of the Company (a "**Consolidated Share**"). The implementation of the Share Consolidation is conditional upon (i) the passing of an ordinary resolution by the shareholders of the Company to approve the Share Consolidation at the extraordinary general meeting of the Company to be held on 12 April 2021, (ii) the GEM listing sub-committee of the board of directors of the Stock Exchange granting the approval for listing of, and permission to deal in, the Consolidated Shares, and (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

(b) On 26 March 2021, Harvest Well International Limited ("**Harvest Well**"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Universal Advisory Pte Ltd ("**Universal Advisory**"), a company wholly owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel, pursuant to which Harvest Well agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel (the "**Disposal**").

The consideration for the Disposal is based on the audited net assets of Safe2Travel as at 31 December 2020. Based on the unaudited management accounts of Safe2Travel and on the basis of the unaudited net assets of the Target Company as at 31 December 2020 of SG$220,000 (equivalent to HK$1,276,000), the consideration is currently estimated to be SG$108,000 (equivalent to HK$626,000). The consideration shall be paid by Universal Advisory to Harvest Well in cash within ten business days after finalising the audited financial statements of Safe2Travel for the year ended 31 December 2020 (the "**2020 Audited Accounts**"). Completion is subject to the finalisation of the 2020 Audited Accounts.

Universal Advisory is wholly owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel (being a subsidiary of the Company), and is therefore a connected person of the Company at the subsidiary level. The Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules. Pursuant to Rule 20.99 of the GEM Listing Rules, as the Disposal was approved by the Board and confirmed by the independent non-executive Directors as being fair and reasonable, and the terms of the Disposal were confirmed by the independent non-executive Directors as being on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under the GEM Listing Rules.

UPDATE ON THE INVESTIGATION REGARDING THE INCIDENTS

Reference is made to the Company's announcement dated 29 December 2020 (the "**2020.12.29 Announcement**") in relation to, among other things, the Incidents regarding the Purported Investments and the Unexplained Cash Withdrawals, the Impairments on the Group's investment in Solution Apex and the discloseable transaction arising from the Disposal by the Group of Solution Apex. Unless the context otherwise requires, capitalised terms in this section shall have the same meanings as defined in the 2020.12.29 Announcement.

As disclosed in the 2020.12.29 Announcement, the Board has on 29 December 2020 resolved to establish the Investigation Team to investigate on the Purported Investments, the Unexplained Cash Withdrawals and the Incidents, and to oversee the progress of the Recovery Actions. Subsequent to the 2020.12.29 Announcement, the Investigation Team has carried out the following works:

(a) collecting information and perusing documents regarding the affairs of Solution Apex and its intermediate holding company, Durable Gold;

(b) dispatching letters to all ex-directors and certain ex-officers of Solution Apex and Durable Gold who are suspected to have knowledge of and/or involvement in the Incidents (the "**Investigatees**") and business counterparties to ask for their cooperation on the provision of information and documents regarding the Incidents;

(c) engaging an independent risk advisory firm to assist the Audit Committee of the Company on the investigation of the Incidents;

(d) sending enquiry letters to the Investigatees and the vendors of the Purported Investments to ask them to provide explanations, documents and/or to attend interviews with the independent risk advisory firm and the member of the Investigation Team for the purpose of obtaining further information on the Incidents;

(e) instructing legal advisers to prepare documents with the view to commencing the Recovery Actions;

(f) reviewing and restructuring the board composition of the Company's subsidiaries to enhance the Group's management efficacy;

(g) reviewing the bank payments approval arrangements of the Company's subsidiaries to enhance the Group's cash management cycle; and

(h) adopting new internal control policies for transaction approvals to be followed by the Company and its subsidiaries.

The Investigation Team has reported its preliminary findings to the Audit Committee of the Board, which was delegated by the Board to oversee the works and findings of the Investigation Team. To the best of the Directors' knowledge, information and belief and after making all reasonable enquiries, none of the members of the Investigation Team and the Audit Committee has any relationship with the Investigatees, nor did they have any involvement or knowledge of the Purported Investments and the Unexplained Cash Withdrawals at the time of their occurrence.

Based on the preliminary findings of the Investigation Team, the Incidents are believed to be caused by the personal conduct of certain Investigatee(s) who is/are believed to have caused the Purported Investments and the Unexplained Cash Withdrawals, resulting in the suffering of loss and damages by the Group. The Investigation Team has instructed legal advisers to pursue after the relevant individuals and seek to recoup and/or minimise loss and damages. In addition, the Board has resolved to adopt the new internal control measures as described above to reinforce management efficacy and internal control. Shortly after the revelation of the Incidents, all the Investigatees have resigned or been removed or suspended by the Company.

Based on the information available to the Company, save and except the loss of assets arising from the Incidents of HK$58,765,000 (the "**Loss**", which is approximately at the same amount as the expected sum of the Impairments as referred to in the 2020.12.29 Announcement) recognised in the consolidated statement of profit or loss of the Group for the year ended 31 December 2020, which was equivalent to the bank balances and cash as stated in the unaudited management accounts of Solution Apex as at 30 June 2020, the Incidents do not appear to have any other further material adverse effect on the Group as Solution Apex did not have any assets, other than the bank balances and cash of HK$58,765,000, and was disposed of on 29 December 2020.

ADDITIONAL INFORMATION REGARDING THE DISCLAIMER OF AUDIT OPINION

As disclosed in the paragraph headed "Basis for Disclaimer Opinion" in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2020 (the "**Independent Auditor's Report**"), the auditor of the Company (the "**Auditor**"), Moore Stephens CPA Limited, does not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. The basis for the disclaimer of opinion is more particularly set out in the Independent Auditor's Report and is essentially relating to the Incidents involving the payments to other parties in the amount of HK$47,534,000 in or around July 2020 (the "**Purported Payments to Purported Three Parties**", which appears to the Company to refer to the Purported Investments in the 2020.12.29 Announcement), and the unauthorised cash withdrawals of HK$11,231,000 in August 2020 (the "**Purportedly Unauthorised Cash Withdrawals**", which appears to the Company to refer to, collectively, the Purported Investments and the Unexplained Cash Withdrawals in the 2020.12.29 Announcement), which resulted in the recognition of the Loss of HK$58,765,000 in the consolidated statement of profit or loss for the year ended 31 December 2020. In view of the disclaimer of opinion, the Board would like to provide the following additional information:

As disclosed in the Independent Auditor's Report, the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself regarding the causes of the Incidents, and commercial substance and nature of the Purported Payments to the Purported Three Parties and Purportedly Unauthorised Cash Withdrawals. The Auditor was also unable to determine whether any adjustments that might have been found necessary to the amount of the Loss of HK$58,765,000 being recognised in the consolidated statement of profit or loss and consequentially to the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related presentation and disclosures in the consolidated financial statements. Furthermore, the Auditor was unable to obtain sufficient appropriate audit evidence as to how the cash outflow of HK$58,765,000 should be presented in the consolidated financial statements as the Auditor was unable to obtain sufficient appropriate audit evidence about the causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. No alternative procedures could be performed by the Auditor on the abovementioned aspects. According to the Independent Auditor's Report, any adjustment found to be necessary in respect of these matters (the "**Possibility of Adjustment**") might have significant consequential effects on the Group's financial position as at 31 December 2020 and of its financial performance and cash flows for the year ended 31 December 2020, and the related disclosures in the respective consolidated financial statements.

Based on the preliminary findings of the Investigation Team and the information currently available to it, the Board is of the view that:

(a) the Incidents are standalone events solely caused by the personal conduct of certain Investigatee(s), with no other personnel in the Group appearing to have any involvement or knowledge of the happening of the Incidents; and

(b) with the resignation, removal and/or suspension of duties of the Investigatees by the Company and the implementation of the reinforced internal control policies and other measures as stated above, event similar to the Incidents is highly improbable to recur in future.

Regarding the Possibility of Adjustment, the Board is of the view that the possibility is remote and the Incidents should not have any continuing effect on the Group's consolidated financial statements going forward for the following reasons (the "**Reasons**"):

(a) Prior to the Incidents, the only asset of Solution Apex was the bank balances and cash of HK$58,765,000. Upon knowing the Incidents, the loss of HK$58,765,000, which is equivalent to the entire bank balances and cash of Solution Apex, was recognised in the year ended 31 December 2020, resulting in no other assets and/or liabilities in the statement of financial position of Solution Apex as of 29 December 2020. In other words, the Board has already written down the entire assets side of Solution Apex to zero to fully reflect the extent of loss suffered by the Group.

(b) The disposal of Solution Apex was already completed simultaneously with the signing of the Disposal Agreement on 29 December 2020, and any continuing effect of the Incidents over Solution Apex shall have no negative impact on the Group whatsoever. Therefore, the Board is of the view that the Incidents should not have any impact on the Group's consolidated financial position as at 31 December 2020.

Based on the above, the Board is of the view that the issues giving rise to the Incidents have no carried forward effect on the Group's consolidated financial statements for the year ending 31 December 2021, and that any modified opinion in the forthcoming year should only relate to the comparability of 2020 figures in the consolidated financial statements for the year ending 31 December 2021.

The Audit Committee agreed with the preliminary findings of the Investigation Team and the implementation of reinforcement measures on internal control to prevent the recurrence of similar events in future. After considering the Reasons stated above, the Audit Committee concurs with the views of the Board that the Incidents should not have any continuing effect on the Group's consolidated financial statements in the coming financial year end and that any modified opinion in the forthcoming year should only relate to the comparability of 2020 figures in the consolidated financial statements for the year ending 31 December 2021.

The Board has obtained the understanding with the Auditor that the Company considers itself to have addressed the issues giving rise to the disclaimer of opinion in the consolidated financial statement for the year ended 31 December 2020 and in the light of the Reasons and barring unforeseen circumstances, a disclaimer of opinion in respect of the same issues should no longer be required to be included in the consolidated financial statements for the year ending 31 December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces the following key risks and uncertainties. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Investors are advised to make their own judgment or consult their own investment advisers before making any investment in the shares.

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition faced by the travel business and brokerage business which could impact the Group's performance.	• Continuous review of market trends and maintaining a competitive position by recruiting and retaining experienced staff to provide flexible and comprehensive support services to the customers.
Economic risk	Economic risk is the risk that any downturn in economic conditions, including those arisen from any political unrest with large-scale protests and COVID-19, which could impact the Group's performance.	• Regularly tracking and closely monitoring the trends of macro economy and investment and equities markets. • Periodical review of investment portfolio on a timely basis, including the review of trading positions and activities, unrealised profit or loss, risk exposure, etc. • Limiting the investment loss by setting up the investment cap for each individual investment. • Establishing and implementing business contingency plans if business is disrupted by non-controllable events.
Credit risk	Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.	• Full understanding of customers and the carrying out of credit quality assessment on customers before granting new loans. • Regularly monitoring loan receivables and assessing the recoverability of loan receivables on an ongoing basis

Principal risks	Description	Mitigating actions
		• Making of margin calls when the outstanding balances due from margin customers exceed their respective limits with consideration of the credibility of the customers and quality and liquidity of the stocks held by the customers. • Failure or delay to meet margin calls may result in prohibition of further purchases of securities or liquidation of the customer's position.
Liquidity risk	Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due or failure to satisfy the capital requirements to carry out the Group's financial services business in the ordinary course.	• Regular monitoring of liquidity and financial position of the Group. • Maintenance of appropriate liquidity to cover its commitments. • Maintenance of adequate liquid capital to comply with the Securities and Futures (Financial Resources) Rules. • Limiting liquidity risk exposure on treasury management business by investing in securities listed on stock markets. • Ensuring acceptable and appropriate finance in place before committing to investment projects. • Maintenance of revolving loan facilities and bank overdraft facilities etc. to meet any contingency in operations.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
Price risk	Price risk is the risk of fluctuations of fair value on financial assets and investment properties which will affect the Group's income and the value of its holdings of equities.	• Frequent review and monitoring of investment portfolio to ensure prompt actions being taken and the loss arising from the changes in the fair values being capped within an acceptable range. • Spread price risk exposure by investing in different equities.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates which will affect the Group's income and the value of its holdings of assets.	• Continuous monitoring of the exchange rate trend, the Group's statement of financial position and cash flow and the adoption of financial instruments when appropriate, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge exchange risk.
People risk	People risk is the risk that loss of the services of any directors, senior management and other key personnel which could have a material adverse effect on the Group's business operations and financial performance.	• Providing attractive and competitive reward and benefit packages to retain experienced, qualified and competent employees. • Providing the right working environment to its staff to optimise their work standard and maximise their work satisfaction. • Ensuring all transactions of the Group involving cash withdrawals/investment for the amount of over HK$5,000,000 can only be conducted with the written approval by at least two executive Directors. • Ensuring that at least one executive Director is appointed to every active and/or asset-holding subsidiaries of the Company, or alternative measures are adopted in special circumstances.

Principal risks	Description	Mitigating actions
		• Ensuring that at least one executive Director is added as bank signatory of every bank accounts of the Company and its subsidiaries in Hong Kong. For bank accounts in countries outside Hong Kong without any residing executive Director, a regional head of management is designated by the Board to be responsible for payment approvals and local bank signatories, who shall regularly report to at least one executive Director.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs being incurred, civil and/or criminal proceedings and reputational damage.	• Close monitoring of changes and developments in the regulatory environment and ensuring that sufficient resources being made available to implement any required changes timely. • Seeking legal or other specialist advice as appropriate.

Management Discussion and Analysis

Principal risks	Description	Mitigating actions
Information technology risk	Information technology risk is the risk on failure of the information technology ("**IT**") system, operation errors of the IT system, virus and hacker attack and customer data loss and exposure, resulting in business disruption, legal proceedings from customers and/or credit card companies, loss of clients, reputation damage and regulatory issues.	• Continuous strengthening of the security of the Group's IT system by upgrade of firewall and anti-virus software to prevent potential cyber-attacks. • Regular backup of the Group's data to reduce the impact of data loss. • Maintenance of awareness and caution of possible cyber-attacks and identification and implementation of measures to mitigate the occurrence of possible attacks. • Establishing business contingency plan to ensure business continuity in the event of disruption caused by IT hazards.

The Company is committed to maintain good corporate governance standard in management, internal control and risk management procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the value of the shareholders of the Company (the "**Shareholders**").

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. Continuous efforts are made to review and enhance the risk management and internal control systems in light of changes in regulations and developments in best practices.

During the year ended 31 December 2020, the Company was in compliance with the code provisions set out in the CG Code except for the deviations as explained below:

- Code provision A.2.1 of the CG Code provides that the roles and responsibilities of the chairman and the chief executive officer should be divided. The Company has not appointed a Chief Executive Officer, and the roles and functions of the Chief Executive Officer are performed by the executive Directors collectively.

- Code provision A.4.1 of the CG Code provides that the non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once every three years in accordance with the memorandum and articles of association of the Company (the "**Articles**").

- Code provision D.1.4 of the CG Code provides that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for Directors (except Mr. Mung Kin Keung). However, the Directors shall be subject to retirement by rotation in accordance with the Articles. In any event, all Directors, including those without a letter of appointment, must retire by rotation in the manner prescribed under the Articles, and on re-election of the retiring Directors, Shareholders are given information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors. In addition, the Directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-executive Directors" (where applicable) published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors. The Directors are also required to comply with the requirements under statue and common law, the GEM Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Save as those mentioned above, in the opinion of the Directors, the Company has met the code provisions set out in the CG Code during the year ended 31 December 2020.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. All the Directors have confirmed that they have complied with the required standards as set out in the GEM Listing Rules during the year ended 31 December 2020.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company, and is responsible for setting up the overall strategy as well as reviewing the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering the Group's strategies, major acquisitions and disposals, annual budgets, quarterly, interim and annual results, recommendations on Directors' appointment or re-appointment, approval of major capital transactions and other significant operational and financial matters. The Executive Board (as defined below) and senior management were delegated with the authorities and responsibilities by the Board for the day-to-day operations of the Group while reserving certain key matters for the approval of the Board. In addition, the Board has also delegated various responsibilities to the board committees. Further details of these committees are set out in this report.

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Cheung Kwok Wai, Elton
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent Non-executive Directors

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim *(appointed on 24 July 2020)*
Mr. Tsai Yung Chief, David *(resigned on 24 July 2020)*

Mr. Mung Kin Keung (an executive Director) is the father of Mr. Mung Bun Man, Alan (the Managing Director and an executive Director). Save as disclosed above, there are no relationship (including financial, business, family or other material/relevant relationships) among members of the Board. A balanced board composition is formed to ensure the existence of strong independence across the Board. The composition of the Board reflects the necessity of balanced skills and experience for effective leadership. The biographical information of the Directors are set out on pages 49 to 50 of this annual report.

Independent Non-executive Directors

The independent non-executive Directors are persons of high calibre, with academic and professional qualifications in the fields of law, accounting and appropriate expertise. With their experience gained from various sectors, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. Each independent non-executive Director gives an annual confirmation of his independence to the Company, and the Company considers these Directors are independent under Rule 5.09 of the GEM Listing Rules.

The independent non-executive Directors are not appointed for a specific term but are subject to retirement by rotation at least once every three years at the annual general meeting in accordance with the Articles.

Chairman and Chief Executive Officer

The Board has appointed Mr. Cheung Kwok Wai, Elton as the Chairman of the Board and an executive Director on 16 December 2016. The Company has not appointed a Chief Executive Officer, and the roles and functions of the Chief Executive Officer are performed by the executive Directors collectively.

The Board believes that the balance of power and authority for the present arrangement is not impaired by the lack of Chief Executive Officer and should be adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of independent non-executive Directors.

Board Diversity Policy

On 14 August 2013, the Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity of the Board. The Company recognises that a diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

The Board delegated certain duties under the Board Diversity Policy to the Nomination Committee. The Nomination Committee will regularly review the composition of the Board and take into account the Board Diversity Policy during this process. After assessing the suitability of the Directors' skills and experience by reference to the Company's business, the Nomination Committee considered that the existing Board was appropriately structured.

Directors' Training

According to the code provision A.6.5 of the CG Code, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2020 to the Company. The Company has also continuously updated Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 31 December 2020 is set out below:

Name of Director	Reading professional journals and updates and/or attending seminar(s) relating to the economy, industries and regulatory, director's duties and responsibility etc.
Mr. Cheung Kwok Wai, Elton	✓
Mr. Mung Kin Keung	✓
Mr. Mung Bun Man, Alan	✓
Mr. Tse Ke Li	✓
Mr. Law Kwok Ho, Kenward	✓
Mr. Fung Wai Ching	✓
Mr. Lai Hok Lim *(since 24 July 2020)*	✓

Board Meetings

The Board has four scheduled meetings a year at quarterly interval and additional meetings are held as and when required. The four scheduled Board meetings for a year are planned in advance. During regular meetings of the Board, the Directors review the operation and financial performances, and review and approve the annual, interim and quarterly results.

During the year ended 31 December 2020, the Board held 23 meetings. All Directors are given the opportunity to include any matter in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed in Board meetings in advance. The attendance is as follows:

Name of Director	Number of meetings attended
Executive Directors:	
Mr. Cheung Kwok Wai, Elton	23/23
Mr. Mung Kin Keung	23/23
Mr. Mung Bun Man, Alan	23/23
Mr. Tse Ke Li	16/23
Independent Non-executive Directors:	
Mr. Fung Wai Ching	23/23
Mr. Tsai Yung Chieh, David *(until 24 July 2020)*	9/23
Mr. Law Kwok Ho, Kenward	23/23
Mr. Lai Hok Lim *(since 24 July 2020)*	13/23

Apart from formal meetings, matters requiring Board approval were arranged by means of circulation of written resolutions.

Board minutes are kept by the company secretary of the Company (the "**Company Secretary**") and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advices and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

General Meeting

During the year ended 31 December 2020, one general meeting of the Company was held. The annual general meeting of the Company was held on 16 June 2020 (the "**2020 AGM**"). The attendance is as follows:

Name of Director	**Number of attendance 2020 AGM**
Executive Directors:	
Mr. Cheung Kwok Wai, Elton	1/1
Mr. Mung Kin Keung	1/1
Mr. Mung Bun Man, Alan	1/1
Mr. Tse Ke Li	1/1
Independent Non-executive Directors:	
Mr. Fung Wai Ching	1/1
Mr. Tsai Yung Chieh, David *(until 24 July 2020)*	1/1
Mr. Law Kwok Ho, Kenward	1/1
Mr. Lai Hok Lim *(since 24 July 2020)*	0/1

The Board is responsible for maintaining an on-going dialogue with Shareholders and in particular, uses annual general meetings or other general meetings to communicate with them and encourages participation by Shareholders. Mr. Law Kwok Ho, Kenward (the chairman of the Audit Committee), Mr. Tsai Yung Chieh, David (the chairman of the Remuneration Committee) and Mr. Fung Wai Ching (the chairman of the Nomination Committee) attended the 2020 AGM with the view to answering questions and collecting views of Shareholders.

EXECUTIVE BOARD

The Company established an Executive Board on 20 January 2006 which consists of the executive Directors. As at the date of this report, the members of Executive Board are Mr. Cheung Kwok Wai, Elton, Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan. The Executive Board is delegated with authority to handle and/or monitor the management functions and operation of the day-to-day business of the Group. During the year ended 31 December 2020, the Executive Board held four meetings mainly handling the operation of the day-to-day business of the Group.

NOMINATION COMMITTEE

The Company established the nomination committee (the "**Nomination Committee**") on 5 January 2012 which currently consists of two independent non-executive Directors, namely Mr. Fung Wai Ching (as chairman) and Mr. Lai Hok Lim, and one executive Director, namely Mr. Mung Bun Man, Alan, with written terms of reference in compliance with the GEM Listing Rules. On 24 July 2020, Mr. Tsai Yung Chieh, David resigned as an independent non-executive Director and ceased to be a member of the Nomination Committee. Mr. Lai Hok Lim has been appointed as an independent non-executive Director and a member of Nomination Committee since 24 July 2020.

The terms of reference of the Nomination Committee is currently made available on the GEM website and the Company's website.

The functions of the Nomination Committee are to review the structure, size and diversity of the Board and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy; to identify qualified individuals to become members of the Board; to assess the independence of the independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or reappointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation to the following in assessing the suitability of the proposed candidate:

(a) reputation for integrity;

(b) accomplishment, experience and reputation in the business and other relevant sectors related to the Company and/or its subsidiaries;

(c) commitment in respect of sufficient time and attention to the Company's business;

(d) diversity in all aspects, including but not limited to gender, age, cultural/educational and professional background, skills, knowledge and experience;

(e) the ability to assist and support management and make significant contributions to the Company's success;

(f) compliance with the criteria of independence as prescribed under Rule 5.09 of the GEM Listing Rules for the appointment of an independent non-executive Director; and

(g) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

During the year ended 31 December 2020, the Nomination Committee held two meetings mainly reviewing the size, structure and composition as well as the diversity of the Board, assessing the independence of the independent non-executive Directors, the Directors to be re-elected at the 2020 AGM before putting forth for discussion and approval by the Board and the appointment of Mr. Lai Hok Lim as independent non-executive Director. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Fung Wai Ching *(Committee Chairman)*	2/2
Mr. Mung Bun Man, Alan	2/2
Mr. Tsai Yung Chieh, David *(until 24 July 2020)*	1/2
Mr. Lai Hok Lim *(since 24 July 2020)*	0/2

REMUNERATION COMMITTEE

The Company established the remuneration committee (the "**Remuneration Committee**") on 20 January 2006 which currently consists of three independent non-executive Directors, namely Mr. Lai Hok Lim (as chairman), Mr. Law Kwok Ho, Kenward and Mr. Fung Wai Ching, and one executive Director, namely Mr. Mung Bun Man, Alan with written terms of reference in compliance with the GEM Listing Rules. On 24 July 2020, Mr. Tsai Yung Chieh, David resigned as an independent non-executive Director and ceased to be the chairman of the Remuneration Committee. Mr. Lai Hok Lim has been appointed as an independent non-executive Director and the chairman of the Remuneration Committee since 24 July 2020.

The terms of reference of the Remuneration Committee is currently made available on the GEM website and the Company's website.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, and to make recommendations to the Board on the remuneration of independent non-executive Directors.

During the year ended 31 December 2020, the Remuneration Committee held two meetings for reviewing the remuneration packages of the Directors and senior management and making their recommendations to the Board on the remuneration packages of the Directors. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Lai Hok Lim *(Committee Chairman)* *(since 24 July 2020)*	0/2
Mr. Tsai Yung Chieh, David *(Committee Chairman)* *(until 24 July 2020)*	1/2
Mr. Law Kwok Ho, Kenward	2/2
Mr. Fung Wai Ching	2/2
Mr. Mung Bun Man, Alan	2/2

The Company adopted a share option scheme pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011. The purpose of the share option scheme is to enable the Board, at its discretion, to grant options to any eligible participants who include Directors and employees as incentives or rewards for their contribution to the Group. Details of the share option scheme are set out in the Directors' Report and note 35 to the consolidated financial statements.

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and is fixed by the Board with reference to the recommendation of the Remuneration Committee, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 12 and 13 to the consolidated financial statements.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 19 October 2000 which currently consists of three independent non-executive Directors, namely Mr. Law Kwok Ho, Kenward (as chairman), Mr. Fung Wai Ching and Mr. Lai Hoi Lim, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020. On 24 July 2020, Mr. Tsai Yung Chieh, David resigned as an independent non-executive Director and ceased to be a member of the Audit Committee. Mr. Lai Hok Lim has been appointed as an independent non-executive Director and a member of the Audit Committee since 24 July 2020.

The terms of reference of the Audit Committee is currently made available on the GEM website and the Company's website.

The Audit Committee shall meet not less than four times a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of such auditor; reviewing the quarterly, interim and annual reports and financial statements of the Group; and overseeing the Group's financial reporting system, risk management and internal control systems.

During the financial year ended 31 December 2020, the Audit Committee held four meetings for reviewing the first quarterly, interim, third quarterly and annual results of the Group. The Audit Committee was in the opinion that the preparation of the quarterly, interim and annual results is in compliance with the applicable accounting standards, the GEM Listing Rules and any other applicable laws and has been adequately disclosed. The Audit Committee is also supposed to review the risk management and internal control systems of the Group from time to time. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Law Kwok Ho, Kenward *(Committee Chairman)*	4/4
Mr. Tsai Yung Chieh, David *(until 24 July 2020)*	2/4
Mr. Fung Wai Ching	4/4
Mr. Lai Hok Lim *(since 24 July 2020)*	2/4

AUDITOR'S REMUNERATION

During the year under review, the remuneration in respect of audit and non-audit services provided by Moore Stephens CPA Limited, are set out below:

Services rendered	Fee paid/payable HK$'000
Audit services	1,442
Non-audit services	428

CORPORATE GOVERNANCE COMMITTEE

The Company established the corporate governance committee (the "**CG Committee**"), with written terms of reference in compliance with the GEM Listing Rules, on 21 March 2012. Currently, the CG Committee comprises one executive Director, namely Mr. Mung Bun Man, Alan (as chairman), one independent non-executive Director, namely Mr. Fung Wai Ching and the Company Secretary, Ms. Chu Man Ting.

The functions of the CG Committee are to develop and review the Company's policies and practices on corporate governance to comply with the CG Code and other legal or regulatory requirements and make recommendations to the Board; to oversee the Company's orientation program for new Director; to review and monitor the training and continuous professional development of Directors and senior management; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors, and to review the Company's disclosure in the Corporate Governance Report.

During the financial year ended 31 December 2020, the CG Committee held one meeting to review the training and continuous professional development of Directors and to review the Company's compliance with the CG Code. The attendance is as follows:

Name of member	Number of meeting attended
Mr. Mung Bun Man, Alan *(Committee Chairman)*	1/1
Mr. Fung Wai Ching	1/1
Mr. Lee Chan Wah *(until 1 May 2020)*	1/1
Ms. Chu Man Ting *(since 1 May 2020)*	0/1

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance and the implementation of the CG Code. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group affairs. On 1 May 2020, Ms. Chu Man Ting was appointed as the Company Secretary in place of Mr. Lee Chan Wah.

The Company Secretary has confirmed that she has no less than 15 hours of relevant professional training during the year.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of good communications with all Shareholders. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The chairman of the 2020 AGM proposed separate resolutions for each issue to be considered. The chairmen of the Audit Committee, Remuneration Committee and Nomination Committee and the external auditor also attended the 2020 AGM to answer questions from the Shareholders. The annual report together with the annual general meeting circular are distributed to all the Shareholders at least 20 clear business days before the annual general meeting held.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company is held each year at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, is called an extraordinary general meeting.

Procedures for Shareholders to convene an extraordinary general meeting

Shareholders may convene an extraordinary general meeting of the Company according to the provisions as set out in the Articles and the Companies Law of the Cayman Islands. Pursuant to Article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist himself may do so in the same manner, and all reasonable expenses incurred by the requisitionist as a result of the failure of the Board shall be reimbursed to the requisitionist by the Company.

Putting enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Procedures for putting forward proposals by Shareholders at Shareholders' meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law, However, Shareholders may request the Company to convene an extraordinary general meeting following the procedures under Article 58 of the Articles as set out above.

Pursuant to Article 88 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless there shall have been lodged at the registered office or at the head office a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notices shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

If a Shareholder wishes to propose a person for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's head office and principal place of business in Hong Kong in compliance with Article 88 and containing all details as required by Rule 17.50(2) of the GEM Listing Rules.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the forthcoming annual general meeting will be voted by poll.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the Shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- delivery of the quarterly, interim and annual reports to all Shareholders;
- publication of announcements on the quarterly, interim and annual results on the GEM website and the Company's website, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the GEM Listing Rules; and
- communication between the Board and the Shareholders at the general meeting of the Company.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's financial statements for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness annually. The risk management and internal control systems of the Group are designed to manage and mitigate rather than eliminate risks of failures to achieve Group's objectives, and provide reasonable but not absolute assurance against material misstatement or loss.

The internal control system of the Group covers its major business aspects such as revenue management, expenditure management, human resources and payroll, cash and treasury management, financial reporting, compliance and information technology. The internal control systems are supervised by management team including executive Directors and senior management of the Company. In the course of conducting its business, the Group is exposed to various types of risks, including business risks, economic risks, credit risks, financial risks, people risks, legal and compliance risks, operational and other risks. The Board is ultimately responsible for the risk management of the Group.

The management team is responsible for identifying risks and internal control deficiencies, evaluating the risk management and internal control system of the Group from time to time and implementing additional control measures, if necessary, to improve their effectiveness. To ensure the effectiveness of the Group's risk management and internal control systems, the Group tracked and documented identified risks annually, assessed and evaluated the identified risks by the likelihood of occurrence and the significance of the impact of the risk event, the implementation of mitigating measures, and testing of procedures implemented. A risk matrix is adopted to determine risk rating and the prioritisation of carrying out of corrective actions. The identified risks and the relevant measures have been disclosed in the Management Discussion and Analysis on pages 7 to 24 of this annual report.

The Company does not have internal audit department and in view of the Group's business and scale of operations, the Company adopts the cost-effective method by engagement of independent professionals as internal control adviser to conduct a review of the effectiveness of the Group's risk management and internal control systems at least once a year. Each year, the internal control adviser conducted internal control reviews of the adequacy and effectiveness of certain aspects of the Company's risk management and internal control systems of various cycles under rotation basis, such as financial control, operational control, compliance control and risk management function of the Group.

As disclosed in the Company's announcement dated 29 December 2020, during the second half of 2020, Solution Apex Investments Limited ("**Solution Apex**") made the three purported investments for HK$47,534,000 and certain unexplained cash withdrawals of HK$11,231,000. Based on the information available to the Company, the three purported investments and the unexplained cash withdrawals appeared to have been carried by the then sole director of Solution Apex, Mr. Allan Yap, without the Board's authority (the "**Incidents**").

Upon knowing the Incidents, the Directors examined the information and documents gathered relating to the three purported investments and the unexplained cash withdrawals in detail and cast doubt on the values and purposes of the three purported investments and the unexplained cash withdrawals. Accordingly, the Directors resolved to make an impairment loss of HK$58,765,000 on the Group's investment in Solution Apex and the related inter-company accounts on 29 December 2020. Details of the Incidents and the impairment loss on investment in Solution Apex are disclosed in the Company's announcement dated 29 December 2020.

In response to the Incidents, the Directors resolved to (i) remove all director(s) of Solution Apex and Durable Gold Investments Limited, the immediate holding company of Solution Apex, and replace them by the Company's designated persons, (ii) engage external legal advisers to commence legal proceedings to seek to recoup the cash utilised for the three purported investments and the unexplained cash withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the Incidents (the "**Recovery Actions**"), and (iii) establish an investigation team comprising Directors and senior management of the Company unrelated to the Incidents to investigate on the Incidents and oversee the progress of the Recovery Actions. The Company also resolved to take reinforcement measures such as (i) to adopt internal control policies on transaction approvals and bank payments approval and circulate these new policies to all subsidiary-level directors and senior management; and (ii) to ensure at least one executive Director is appointed to every active and/or asset-holding subsidiaries of the Company, or alternative measures are adopted in special circumstances.

To limit its exposure on and enable it to stay away from the uncertainty of litigations relating to the Incidents and the Recovery Actions, the Group disposed of the entire issued share capital of Solution Apex to an independent third party on 29 December 2020. Based on the information currently available to the investigation team, the issues arising from the three purported investments and the unexplained cash withdrawals appeared to be standalone incidents caused by the failure of certain individual(s) to obtain the approval of the Board before the making of the three purported investments and the unexplained cash withdrawals, and the effect of the Incidents seem to be confined to Solution Apex but not other parts of the Group.

Except for the Incidents which were disclosed in the Company's announcement dated 29 December 2020, no other material issues on the Group's risk management and internal control systems were identified and reported to the Audit Committee during the year which required significant rectification measures.

With respect to the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under the SFO, the GEM Listing Rules and the other applicable principles. The Group conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong. The Group regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Meanwhile, the Group has also implemented procedures to guard against possible mishandling of inside information within the Group, including but not limited to the imposition of pre-clearance requirements on dealing in the securities of the Company by designated members of the management; and notification of regular blackout period and securities dealing restrictions to Directors and relevant employees.

DIVIDEND POLICY

On 31 December 2018, the Company announced that the Board had approved and adopted a dividend policy (the "**Dividend Policy**").

Under the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the Board's discretion having regard to the following factors:

(a) the earnings, financial condition, capital requirements and future plans of the Group;

(b) the Shareholders' interests;

(c) the economic outlook;

(d) the contractual restrictions on the payment of dividends by the Company to the Shareholders;

(e) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(f) any other factors the Board may consider relevant.

The Board shall review the Dividend Policy from time to time and may take any amendments that it deems necessary or desirable.

CONSTITUTIONAL DOCUMENTS

There was no change to the Articles during the year. The Articles is available on the GEM website and the Company's website.

The Directors present their report and the audited financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties faced by the Group and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on page 20 to 24 of this annual report. The discussion forms part of this directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 54 of this annual report.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the shareholders of the Company as at 31 December 2020 were as follows:

	2020 **HK$'000**	2019 HK$'000
Share premium	**920,537**	920,537
Capital reserve	**32,589**	32,589
Accumulated losses	**(758,037)**	(428,133)
	195,089	524,993

Under The Companies Law (2013 Revision) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and the Articles (the "**Articles**") of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles, dividends shall be payable out of the profits or other reserves, including the share premium account, of the Company.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years is set out on pages 4 to 5 of this annual report.

BANK BORROWINGS

Details of bank borrowings for the year ended 31 December 2020 are set out in note 29 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the year.

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were:

Executive Directors:

Mr. Cheung Kwok Wai, Elton *(Chairman)*
Mr. Mung Kin Keung
Mr. Mung Bun Man, Alan *(Managing Director)*
Mr. Tse Ke Li *(resigned on 15 January 2021)*

Independent Non-executive Directors:

Mr. Law Kwok Ho, Kenward
Mr. Fung Wai Ching
Mr. Lai Hok Lim *(appointed on 24 July 2020)*
Mr. Tsai Yung Chieh, David *(resigned on 24 July 2020)*

In accordance with Article 87(1) of the Articles, Mr. Mung Bun Man, Alan and Mr. Law Kwok Ho, Kenward shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

There is no specific length of the term of office for each of the independent non-executive Directors but they are subject to retirement by rotation at least once every three years in accordance with the Articles.

Biographical information of the Directors are set out on pages 49 to 50 of this annual report.

The directors of the Company's subsidiaries included in the consolidated financial statement (other than those listed above) were:

Mr. Allan Yap *(resigned on 1 December 2020)*
Mr. Chan Kwok Ho *(appointed on 1 December 2020 and resigned on 29 December 2020)*
Ms. Cheung Sze Man *(resigned on 29 December 2020)*
Mr. Fung Chung Yuen Steve
Mr. Ho Ken Hon
Mr. Kelvin Keung
Ms. Lau Yat Yee *(resigned on 29 December 2020)*
Mr. Lee Geng Rong *(ceased on 20 November 2020)*
Mr. Lee Hung Choi, Chris
Mr. Ma Chunlong *(purportedly appointed on 1 December 2020 and removed/suspended on 29 December 2020)*
Mr. Man Kong Yui *(resigned on 1 April 2020)*
Mr. Wong Chi Chiu
Ms. Wong Shuet Chun *(appointed on 31 December 2020)*
Mr. Yip Sau Hoi

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INDEPENDENCE CONFIRMATIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all the independent non-executive Directors are independent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2020, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Divisions 7 and 8 of Part XV of the SFO, as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of shares of the Company held	Approximate percentage of the issued share capital of the Company
Mr. Mung Kin Keung *(Note)*	Interest of controlled corporation	532,000,000	12.48%
Mr. Mung Bun Man, Alan *(Note)*	Interest of controlled corporation	532,000,000	12.48%

Note:

These shares were beneficially owned by Excellent Mind Investments Limited, a company is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors. Therefore, they are deemed to be interested in all the shares in which Excellent Mind Investments Limited is interested by virtue of the SFO.

Save as disclosed above, none of the Directors, chief executives of the Company nor their associates had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations as at 31 December 2020.

SHARE OPTIONS

Pursuant to a resolution passed at the annual general meeting held on 19 May 2011, a share option scheme (the "**Option Scheme**") was adopted for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Unless otherwise cancelled or amended, the expiry date of the Option Scheme will be on 18 May 2021.

The maximum number of shares in respect of which options may be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed the maximum number of shares permissible under the GEM Listing Rules, currently being 10% of the total number of shares in issue as at the date of the 2019 annual general meeting (being 426,286,705 shares). Under the GEM Listing Rules, a listed issuer may seek approval by its shareholders in a general meeting for "refreshing" the 10% limit under the Option Scheme. The limit on the total number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time (or the maximum number of shares permissible under the GEM Listing Rules). No options may be granted if such a grant would result in such 30% limit or maximum permissible limit being exceeded.

The maximum entitlement of each participant under the Option Scheme must not, during any 12-month period, exceed the maximum number of shares permissible under the GEM Listing Rules (which is 1% of the total number of shares in issue as at the date of the 2019 annual general meeting, being 42,628,670 shares). The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant. An option may be accepted by a proposed grantee within 7 days from the date of the offer of grant of the option. Consideration for each grant of option is HK$1.00.

Details of the Option Scheme are set out in note 35 to the consolidated financial statements.

During the year, no share options were granted and outstanding under the Option Scheme.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTIONS" above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

(a) Convertible bonds

The Company issued convertible bonds in an aggregate principal amount of HK$60,000,000 on 12 November 2020 (the "**2020 CB**"). The 2020 CB are interest bearing at 8% per annum, guaranteed by Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director, and maturing on 11 November 2022. The gross proceeds from the issue of the 2020 CB in the amount of HK$60,000,000 were utilised to offset against the non-redeemed principal amount of HK$60,000,000 out of the convertible bonds of HK$80,000,000 issued by the Company on 13 November 2018.

The holders of the 2020 CB are entitled to convert the 2020 CB into shares of the Company at a conversion price of HK$0.071 per share (subject to adjustment) commencing from the issue date and ending on the fifth business day prior to the maturity date. The maximum number of shares to be issued upon conversion of the 2020 CB is 845,070,422 and none of them was issued up to 31 December 2020.

(b) Share options

The Company has adopted the Option Scheme for the purpose of providing incentive to eligible participants who contribute to the success of the Group's operation. Details of the Option Scheme are set out in the section headed "SHARE OPTIONS" above and in note 35 to the consolidated financial statements.

During the year, no share options were granted and outstanding under the Option Scheme.

DIRECTORS' INTEREST IN CONTRACT OF SIGNIFICANCE

(a) On 19 May 2019, Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director, executed a personal guarantee as guarantor to secure the Company's payment obligations under a loan of HK$100,000,000 granted by a finance company. No consideration was paid by the Company to Mr. Cheung Kwok Wai, Elton for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Cheung Kwok Wai, Elton.

As at 31 December 2020, the provision of personal guarantee by Mr. Cheung Kwok Wai, Elton remained in full force and effect.

(b) On 12 November 2020, Mr. Cheung Kwok Wai, Elton executed a personal guarantee as guarantor to secure the Company's payment obligations under the instrument of the 2020 CB in an aggregate principal amount of HK$60,000,000 in favour of the holder(s) of the 2020 CB. No consideration was paid by the Company to Mr. Cheung Kwok Wai, Elton for providing the personal guarantee. No security over the assets of the Group was provided for the personal guarantee given by Mr. Cheung Kwok Wai, Elton.

As at 31 December 2020, the provision of personal guarantee by Mr. Cheung Kwok Wai, Elton remained in full force and effect.

Save as disclosed above, no other contract of significance, to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

During the year, the Group had the following connected and continuing connected transactions.

(a) Brokerage services and margin loan financing

Name of connected person	Brokerage commission income and/ or other service charges paid to the Group HK$	Margin loan interest paid to the Group for the year HK$	Maximum amount of margin loan for the year HK$
Executive Director			
Mr. Cheung Kwok Wai, Elton	1,823	–	–
Directors of a subsidiary of the Group			
Mr. Ho Ken Hon	336,677	12,339	1,954,499
Mr. Lee Geng Rong *(Note 1)*	9,209	9,397	11,322,963
Mr. Man Kong Yui *(Note 2)*	1,216	–	–
Mr. Wong Chi Chiu	8,608	207	449,989
Substantial shareholder			
Eternity Finance Group Limited and its associates *(Note 3)*	113,216	–	–

Notes:

1. Mr. Lee Geng Rong ceased to be a director of Global Mastermind Securities Limited and Global Mastermind Futures Limited on 20 November 2020.

2. Mr. Man Kong Yui resigned as director of Global Mastermind Asset Management Limited, Global Mastermind Securities Limited, and Global Mastermind Futures Limited on 1 April 2020.

3. Eternity Finance Group Limited is a substantial shareholder of the Company and thus is a connected person of the Company. Eternity Finance Group Limited is a wholly-owned subsidiary of Eternity Investment Limited ("**Eternity**"), a company listed on the Main Board of the Stock Exchange (stock code: 764). Victory Peace Holdings Limited is a wholly-owned subsidiary of Eternity. During the year ended 31 December 2020, the brokerage commission income and other service charges of HK$46,710 and HK$66,506 were paid by Eternity Finance Group Limited and Victory Peace Holdings Limited to the Group respectively.

The Directors, including the independent non-executive Directors, were of the opinion that the above transactions were on normal commercial terms where all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were (i) less than 1% and the transactions were connected transactions only because they involved connected persons at the subsidiary level; or (ii) less than 5% and the annual consideration was less than HK$3,000,000. Accordingly, the above transactions were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 20.74(1)(b) or Rule 20.74(1)(c) of the GEM Listing Rules.

(b) Tenancy agreements with VeloX HK (as defined below) and VeloX PRC (as defined below)

On 12 October 2018, Famous Flamingo Limited, a wholly-owned subsidiary of the Company, as landlord, entered into a tenancy agreement with VeloX Express Limited, as tenant, for a term of three years with a monthly rent of HK$108,320 from 15 October 2018 to 14 October 2021. VeloX Express Limited ("**VeloX HK**") is a company incorporated in Hong Kong with limited liability and beneficially owned by Mr. Mung Hon Ting, Jackie.

On 25 February 2020, Famous Flamingo Limited entered into a deed of termination with VeloX HK to terminate the tenancy agreement with effect from 1 January 2020. On the same day, Famous Flamingo Limited as landlord entered into a new tenancy agreement with VeloX PRC (as defined below) as tenant for a term of two years with a monthly rent of HK$108,320 from 1 January 2020 to 31 December 2021. VeloX Express Co., Limited ("**VeloX PRC**", now known as Eurus Express Limited) is a company established in the PRC with limited liability and beneficially owned by Mr. Mung Hon Ting, Jackie. During the year ended 31 December 2020, Famous Flamingo Limited received rental income in an aggregate amount of HK$1,300,000 from VeloX PRC (31 December 2019: HK$1,300,000 from Volex HK).

(c) Tenancy agreement with Max Winner Investments Limited

On 20 April 2018, Global Mastermind Financial Services Limited, a wholly-owned subsidiary of the Company, as tenant, entered into a tenancy agreement with Max Winner Investments Limited, as landlord, for a term of three years with a monthly rent of HK$248,600 from 23 April 2018 to 22 April 2021. Max Winner Investments Limited is a wholly-owned subsidiary of Eternity. With effect from 29 June 2018, Eternity became a substantial shareholder of the Company, the tenancy agreement thus constituted a continuing connected transaction under Chapter 20 of the GEM Listing Rules. During the year ended 31 December 2020, Global Mastermind Financial Services Limited paid rental expense of HK$2,983,000 to Max Winner Investments Limited (31 December 2019: HK$2,983,000). The Directors, including the independent non-executive Directors, were of the opinion that the transaction was on normal commercial terms where all of the applicable percentage ratios (other than the profits ratio) on an annual basis calculated under the GEM Listing Rules were less than 5% and the annual consideration was less than HK$3,000,000. The transaction was fully exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval requirement pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

DISCLOSURE PURSUANT TO RULE 17.22 OF THE GEM LISTING RULES

As at 31 December 2020, the outstanding balance of the loan made by the Group to Mr. Yuen Hoi Po, an independent third party customer, amounted to HK$62,247,000, which exceeds 8% under the assets ratio defined under Rule 19.07(1) of the GEM Listing Rules. The loan is interest-bearing at 9.00% per annum, unsecured, and repayable in one lump sum on 10 November 2022. The loan granted to Mr. Yuen Hoi Po was in the ordinary course of the Group's money lending business. Details of the grant of the loan were disclosed in the Company's announcements dated 28 November 2018 and 11 November 2020.

COMPETING INTERESTS

Mr. Cheung Kwok Wai, Elton, the Chairman of the Board and an executive Director, has an indirect interest of 15.29% in the issued share of and is an executive director of Eternity. Eternity and its subsidiaries engage in the sale of financial assets, property investment, money lending, and design and sale of jewelry products, which competes with the Group's money lending and treasury management businesses.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/ OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31 December 2020, the register of substantial shareholders/other persons maintained by the Company pursuant to section 336 of the SFO showed that the following shareholders, other than a Director or chief executive of the Company, had notified the Company of relevant interests in the issued share capital of the Company:

Long positions

Ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of shares of the Company held	Number of interest in underlying shares of the Company held	Approximate percentage of the issued share capital of the Company
Eternity *(Note 1)*	Held by controlled corporation	1,269,250,000	–	29.77%
Heng Tai Finance Limited *(Note 2)*	Beneficial owner	–	845,070,422	19.82%
Heng Tai Consumables Group Limited *(Note 2)*	Held by controlled corporation	–	845,070,422	19.82%
Excellent Mind Investments Limited *(Note 3)*	Beneficial owner	532,000,000	–	12.48%
Mr. Mung Kin Keung *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%
Mr. Mung Bun Man, Alan *(Note 3)*	Held by controlled corporation	532,000,000	–	12.48%

Notes:

1. Eternity Finance Group Limited, a wholly-owned subsidiary of Eternity, is interested in 1,269,250,000 shares in the Company. Eternity is deemed to be interested in such 1,269,250,000 shares by virtue of the SFO.

2. Heng Tai Finance Limited is interested in 845,070,422 underlying shares in the Company through its interest in the 2020 CB in the principal amount of HK$60,000,000 issued by the Company. Heng Tai Finance Limited is a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 197). Heng Tai Consumables Group Limited is deemed to be interested in such 845,070,422 underlying shares by virtue of the SFO.

3. These shares are held by Excellent Mind Investments Limited, which is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung Bun Man, Alan, both of them are executive Directors, who are deemed to be interested in all the shares in which Excellent Mind Investments Limited is interested by virtue of the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests in the issued share capital of the Company as at 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, revenue from the Group's five largest customers accounted for 66% of the total revenue for the year and revenue from the largest customer included therein amounted to 16%. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

None of the Directors or any of their associate or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest customers or suppliers.

EMOLUMENT POLICY

The emolument policy for the employees of the Group is set up by the Directors on the basis of their individual performance, qualifications and competence.

The emoluments of the Directors are approved by the Board on the recommendation of the Remuneration Committee with reference to their duties and responsibilities in the Company.

The Company has adopted the Option Scheme as an incentive to directors and eligible persons, details of the Option Scheme are set out in note 35 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CHARITABLE DONATIONS

During the year, the Group did not make any charitable donations (2019: Nil).

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme are set out in note 36 to the consolidated financial statements.

AUDITOR

A resolution will be proposed for approval by the shareholders at the forthcoming annual general meeting of the Company to re-appoint Moore Stephens CPA Limited as the auditor of the Company.

On behalf of the Board
Cheung Kwok Wai, Elton
Chairman

29 March 2021

Biographies of Directors

EXECUTIVE DIRECTORS

Mr. Cheung Kwok Wai, Elton, aged 55, was appointed as the chairman and executive Director on 16 December 2016. He is also a director of certain subsidiaries of the Company. He has over 30 years of experience in the area of corporate finance and securities industries. He holds a Master Degree in Accounting and Finance from the University of Lancaster in the United Kingdom. Mr. Cheung has been appointed as an executive director of Eternity since 1 February 2011. On 28 October 2019, Mr. Cheung has been appointed as an executive director and the vice-chairman of China Healthwise Holdings Limited (stock code: 348), a company listed on the Main Board of the Stock Exchange. Mr. Cheung was an executive director of Man Sang International Limited (stock code: 938), a company listed on the Main Board of the Stock Exchange, during the period from 26 June 2015 to 3 April 2018.

As at the date of this annual report, Mr. Cheung was indirectly interested in 583,832,803 shares of Eternity, representing approximately 15.29% of the issued share capital of Eternity, which in turn held 1,269,250,000 shares of the Company, representing approximately 29.77% of the issued share capital of the Company.

Mr. Mung Kin Keung, aged 60, was appointed as an executive Director on 19 June 2014. He holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. In November 2007, he was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development. He has been appointed as an executive director of Global Mastermind Capital Limited ("**GMC**", stock code: 905), a company listed on the Main Board of the Stock Exchange, since 9 March 2007. From 20 February 2019 to 28 June 2019, Mr. Mung was re-appointed as an executive director and the co-chairman of CWT International Limited ("**CWT International**", stock code: 521), a company listed on the Main Board of the Stock Exchange. Mr. Mung was an executive director of CWT International from 16 February 2009 to 3 June 2015, during which he was redesignated as a vice-chairman on 10 May 2010 and re-designated as a co-chairman on 24 October 2013, until his resignation on 3 June 2015. From 1 February 2018 to 3 August 2018, Mr. Mung was appointed as the vice-chairman and an executive director of Hong Kong International Construction Investment Management Group Co., Limited (now known as Tysan Holdings Limited, stock code: 687), a company listed on the Main Board of the Stock Exchange.

Mr. Mung is the father of Mr. Mung Bun Man, Alan, the Managing Director and an executive Director. As at the date of this annual report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 12.48% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung and 40% by Mr. Mung Bun Man, Alan.

Biographies of Directors

Mr. Mung Bun Man, Alan, aged 34, was appointed as an executive Director on 24 March 2014 and the Managing Director on 16 December 2016. He is also the compliance officer, a director of certain subsidiaries of the Company, a member of each of the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") of the Board. He holds a Bachelor of Arts Degree in Business Economics from University of California-Santa Barbara and a Master Degree in Finance from Peking University. He has extensive working experience in investment and asset management. Mr. Mung was appointed as an executive director of GMC from 12 November 2010 to 3 April 2013 and has been re-appointed as executive director of GMC since 31 March 2014. From 5 September 2017 to 25 November 2019, Mr. Mung was re-appointed as a non-executive director of CWT International. From 24 October 2013 to 6 February 2015, Mr. Mung was an executive director of CWT International.

Mr. Mung is the son of Mr. Mung Kin Keung, an executive Director. As at the date of this annual report, Excellent Mind Investments Limited is interested in 532,000,000 shares of the Company, representing approximately 12.48% of the issued share capital of the Company, which is owned as to 60% by Mr. Mung Kin Keung and 40% by Mr. Mung.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Kwok Ho, Kenward, aged 48, has been appointed as an independent non-executive Director on 11 December 2015. He is also the chairman of the audit committee of the Board (the "**Audit Committee**") and a member of the Remuneration Committee. Mr. Law graduated from the University of New South Wales, Australia with a Bachelor of Commerce in Accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has experiences in auditing, taxation and finance for over 20 years. Mr. Law is presently the general manager of a consultancy company in Hong Kong.

Mr. Fung Wai Ching, aged 51, has been appointed as an independent non-executive Director on 23 June 2014. He is also the chairman of Nomination Committee and a member of each of the Audit Committee and Remuneration Committee. Mr. Fung is presently an owner of a printing company in Hong Kong. He has over 20 years' experience in managing paper, packaging and printing industries in both China and Hong Kong markets. Mr. Fung has been appointed as an independent non-executive director of GMC, since 10 October 2014.

Mr. Lai Hok Lim, aged 62, has been appointed as an independent non-executive Director on 24 July 2020. He is also the chairman of Remuneration Committee and a member of each of the Audit Committee and Nomination Committee. Mr. Lai is a practising solicitor in Hong Kong since 1989. He graduated from the University of Hong Kong with a Bachelor of Arts Degree and holds a Bachelor of Arts (Law) Degree from the University of Sussex in the United Kingdom and a Bachelor of Law Degree from Beijing University in the People's Republic of China. Mr. Lai is currently an independent non-executive director of China Healthwise Holdings Limited (stock code: 348), a company listed on the Main Board of the Stock Exchange. Mr. Lai was an independent non-executive director of Man Sang International Limited (stock code: 938), a company listed on the Main Board of the Stock Exchange, during the period from 1 December 2016 to 5 November 2018.

Independent Auditor's Report

For the year ended 31 December 2020

MOORE

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大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF GLOBAL MASTERMIND HOLDINGS LIMITED
環球大通集團有限公司*
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Global Mastermind Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 54 to 142, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we are unable to form an opinion as to whether the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OPINION

As detailed in note 38 to the consolidated financial statements, the Company received a letter (the "**Letter**") in December 2020 from Mr. Ma Chunlong ("**Mr. Ma**") which the directors of the Company represented to us that the Letter was purportedly written for and on behalf of Solution Apex Investments Limited ("**Solution Apex**"), a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability and a wholly-owned subsidiary of the Group, alleging, among other things, that (a) Mr. Ma was appointed as the sole director of Solution Apex on 1 December 2020; and (b) Solution Apex made three payments to three parties (the "**Purported Three Parties**") with the aggregate amount of HK$47,534,000 in July 2020 (the "**Purported Payments to the Purported Three Parties**"). As represented by the directors of the Company, neither the directors of the Company nor the Company had known or met Mr. Ma before the Company received the Letter. Also, as represented by the directors of the Company, the sole director of Solution Apex had been Mr. Allan Yap ("**Mr. Yap**") since 19 December 2014, and, until 1 December 2020 as described below, the Company had not received any notice from Mr. Yap about his bankruptcy; Mr. Yap was adjudged bankrupt by the High Court of Hong Kong on 3 August 2020. In respect of the above matters, the directors of the Company told us that they, in December 2020, enquired the directors of Durable Gold Investments Limited ("**Durable Gold**") which is the immediate holding company of Solution Apex. Durable Gold is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. We were told by the directors of the Company that the directors of the Company were notified, among other things, that (a) Mr. Yap had ceased to be the sole director of Solution Apex with effect from 1 December 2020; (b) Mr. Ma was appointed as the sole director of Solution Apex and was also appointed as a director of Durable Gold with effect from 1 December 2020; (c) the bank balance held by Solution Apex with the aggregate amount of approximately HK$47,534,000 was utilised for the Purported Payments to the Purported Three Parties around July 2020; and (d) the remaining bank balance of Solution Apex of approximately HK$11,231,000 was withdrawn entirely in August 2020 ("**Purportedly Unauthorised Cash Withdrawals**").

BASIS FOR DISCLAIMER OPINION *(Continued)*

As represented by the directors of the Company, the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals (collectively referred to as the "**Incidents**") were carried out without the authorisation from the directors of the Company. On 29 December 2020, the directors of the Company had resolved to (a) remove Mr. Ma as the director of Solution Apex and Durable Gold with the immediate effect and replace them with the Company's designated persons; (b) instruct external legal advisers to commence legal proceedings to seek to recoup the Purported Payments from the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action as a result of the Incidents; (c) establish an internal investigation working team (the "**Internal Investigation Working Team**") to investigate the Incidents and to oversee the progress of the actions to be carried out by the external legal advisers; (d) recognise a loss in respect of the Incidents of approximately HK$58,765,000 in the consolidated profit or loss for the year ended 31 December 2020; and (e) enter into an agreement with an independent third party (the "**Purchaser**") to dispose of the Company's entire shareholdings in Solution Apex at a cash consideration of HK$1 with an outcome sharing mechanism enabling the Company to retain any amount, recovering from the actions to be taken by the Purchaser against Mr. Yap, the Purported Three Parties or other individual and entities involved in the Incidents, at a distribution ratio of 99% to the Company and 1% to the Purchaser, details of which are set out in the Company's announcement dated 29 December 2020.

Following the aforesaid announcement, the Internal Investigation Working Team recommended the audit committee of the Company (the "**Audit Committee**") to engage an independent professional firm (the "**Investigator**") to investigate the Incidents (the "**Investigation**"), including circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and the management involved in the Incidents. Up to the date of this report, the Investigator has not been able to carry out all the necessary procedures and work for the Investigation because certain documents and the other procedures, in particular, in connection with the investigation work on the circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals has not yet obtained. The external legal advisers are still proceeding with the actions, in seeking to recoup the Purported Payments from the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action, and, the outcome of these actions is still uncertain up to the date of this report.

Regarding the circumstances described above, we had enquired with the directors of the Company and the Investigator about the commercial substance and causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. However, we had not obtained sufficient explanations from the directors of the Company and the Investigator to satisfy ourselves about the commercial substance, nature and causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. Nor were we able to contact Mr. Ma, Mr. Yap and the Purported Three Parties. Accordingly, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding the causes of the Incidents, and commercial substance and nature of the Purported Payments to the Purported Three Parties and Purportedly Unauthorised Cash Withdrawals. We were also unable to determine whether any adjustments that might have been found necessary to the amount of the loss of HK$58,765,000 being recognised in the consolidated profit or loss and consequentially to the related elements making up the consolidated statement of changes in equity, the consolidated statement of cash flows and the related presentation and disclosures in the consolidated financial statements. Furthermore, we were unable to obtain sufficient appropriate audit evidence as to how the cash outflow of HK$58,765,000 should be presented in the consolidated financial statements as we were unable to obtain sufficient appropriate audit evidence about the causes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. No alternative procedures could be performed by us on the abovementioned aspects. Any adjustment found to be necessary in respect of these matters might have significant consequential effects on the Group's financial position as at 31 December 2020 and of its financial performance and cash flows for the year ended 31 December 2020, and the related disclosures in the respective consolidated financial statements.

BASIS FOR DISCLAIMER OPINION *(Continued)*

Considering the significance of the matters described above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the Group's consolidated financial statements.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**") and we have fulfilled our other ethical responsibilities in accordance with the Code.

Moore Stephens CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 29 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Service income from provision of travel-related services		**3,521**	26,019
Interest income from money lending business		**29,636**	29,084
Commission income from securities brokerage		**2,918**	4,322
Interest income from margin financing		**6,404**	4,619
Interest income from initial public offering financing		**60**	–
Handling and settlement income arising from securities brokerage		**5,359**	5,738
Asset management fee income		**151**	540
Advisory fee income from corporate finance		**738**	250
Net realised (loss) gain on securities investment	5	**(11,637)**	5,068
Net unrealised loss on securities investment	5	**(4,236)**	(4,506)
Other income, other gains and losses	7	**16,447**	12,340
Staff costs		**(41,967)**	(54,004)
Depreciation expenses		**(9,199)**	(8,927)
Loss on fair value changes of investment properties		**(17,800)**	(6,700)
Impairment loss on interest in a joint venture	20	**(3,248)**	(6,000)
Impairment loss on loan receivables	21	**(59,320)**	(12,762)
Impairment loss on trade receivables	23	**(93,714)**	(11,775)
Loss of assets arising from the incidents	38	**(58,765)**	–
Other expenses	8	**(21,995)**	(22,285)
Finance costs	9	**(17,616)**	(14,919)
Share of loss of a joint venture	20	**(2,590)**	(2,002)
Loss before tax		**(276,853)**	(55,900)
Income tax credit	10	**9,769**	1,307
Loss for the year	11	**(267,084)**	(54,593)
Other comprehensive (expense) income for the year			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**398**	779
Share of exchange difference of a joint venture		**(588)**	403
		(190)	1,182
Other comprehensive (expense) income for the year		**(190)**	1,182
Total comprehensive expense for the year		**(267,274)**	(53,411)
Loss for the year attributable to owners of the Company		**(267,084)**	(54,593)
Total comprehensive expense for the year attributable to owners of the Company		**(267,274)**	(53,411)
Loss per share (HK cents)	15		
Basic		**(6.27)**	(1.28)
Diluted		**(6.27)**	(1.28)

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	16	**325**	671
Right-of-use assets	17	**3,957**	12,589
Investment properties	18	**163,300**	181,100
Intangible assets	19	**–**	–
Interest in a joint venture	20	**–**	6,426
Loan receivables	21	**136,405**	22,125
Deposit and prepayment for a life insurance policy	22	**–**	6,702
Deferred tax assets	32	**14,089**	4,301
		318,076	233,914
Current assets			
Trade and other receivables	23	**107,837**	221,952
Loan receivables	21	**109,575**	277,078
Financial assets at fair value through profit or loss	24	**21,672**	61,515
Tax recoverable		**229**	–
Bank trust account balances	26	**14,863**	27,050
Bank balances and cash	25	**28,721**	97,031
		282,897	684,626
Current liabilities			
Trade and other payables	27	**56,115**	69,741
Convertible bonds	33	**60,658**	78,058
Contract liabilities	28	**850**	1,573
Tax payables		**–**	4,110
Lease liabilities	31	**2,686**	8,706
Bank borrowings	29	**30,233**	35,981
Other borrowing	30	**100,000**	100,000
		250,542	298,169
Net current assets		**32,355**	386,457
Total assets less current liabilities		**350,431**	620,371

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Lease liabilities	31	**811**	3,477
		811	3,477
Net assets		**349,620**	616,894
Capital and reserves			
Share capital	34	**42,629**	42,629
Share premium and reserves		**306,991**	574,265
		349,620	616,894

The consolidated financial statements on pages 54 to 142 were approved and authorised for issue by the board of directors on 29 March 2021 and are signed on its behalf by:

CHEUNG KWOK WAI, ELTON
EXECUTIVE DIRECTOR

MUNG BUN MAN, ALAN
EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000 (Note)	Exchange Reserve HK$'000	Convertible bonds equity reserve HK$'000	Property revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	42,629	920,537	32,589	(20,103)	4,108	65,547	(375,002)	670,305
Loss for the year	–	–	–	–	–	–	(54,593)	(54,593)
Other comprehensive income for the year	–	–	–	1,182	–	–	–	1,182
Total comprehensive income (expense) for the year	–	–	–	1,182	–	–	(54,593)	(53,411)
At 31 December 2019	42,629	920,537	32,589	(18,921)	4,108	65,547	(429,595)	616,894
Loss for the year	–	–	–	–	–	–	(267,084)	(267,084)
Derecognition of equity component of convertible bonds	–	–	–	–	(4,108)	–	4,108	–
Other comprehensive expense for the year	–	–	–	(190)	–	–	–	(190)
Total comprehensive expense for the year	–	–	–	(190)	(4,108)	–	(262,976)	(267,274)
At 31 December 2020	42,629	920,537	32,589	(19,111)	–	65,547	(692,571)	349,620

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	NOTE	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(276,853)**	(55,900)
Adjustments for:			
Interest income		**(1,107)**	(3,618)
Finance costs		**17,616**	14,919
Share of loss of a joint venture		**2,590**	2,002
Depreciation of property, plant and equipment		**519**	1,226
Depreciation of right-of-use assets		**8,680**	7,701
Impairment loss on interest in a joint venture		**3,248**	6,000
Loss of assets arising from the incidents		**58,765**	–
Impairment loss on loan receivables		**59,320**	12,762
Impairment loss on trade receivables		**93,714**	11,775
Loss (gain) on fair value changes of investment securities		**15,893**	(396)
Loss on fair value changes of investment properties		**17,800**	6,700
Imputed interest income from a deposit for a life insurance policy		**(147)**	(12)
Premium charges on a life insurance policy		**299**	26
Operating cash flows before movements in working capital		**337**	3,185
Decrease (increase) in trade and other receivables		**27,989**	(55,891)
Decrease (increase) in bank trust account balances		**12,187**	(10,372)
Loans advanced to money lending customers		**(3,000)**	(109,000)
Loan repayments from money lending customers		**2,324**	995
Increase in loan interest receivables from money lending customers		**(5,420)**	(324)
Decrease in financial assets at fair value through profit or loss		**23,950**	18,291
(Decrease) increase in trade and other payables		**(13,219)**	4,292
(Decrease) increase in contract liabilities		**(740)**	684
Cash generated from (used in) operations		**44,408**	(148,140)
Income tax paid		**(4,360)**	(852)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES		**40,048**	(148,992)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(168)**	(158)
Purported Payments to Purported Three Parties and Purportedly Unauthorised Cash Withdraws	38	**(58,765)**	-
Payment for a life insurance policy		**–**	(6,996)
Withdrawal of pledged bank deposits		**–**	1,277
Interest received		**1,254**	3,618
NET CASH USED IN INVESTING ACTIVITIES		**(57,679)**	(2,259)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
FINANCING ACTIVITIES		
New other borrowing raised	–	100,000
New bank borrowings raised	–	35,909
Repayments of bank borrowings	(6,989)	(14,687)
Interest paid	(15,016)	(12,212)
Repayments of lease liabilities	(8,724)	(7,236)
Repayment of convertible bonds	(20,000)	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(50,729)	101,774
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,360)	(49,477)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	97,031	146,440
Effect of foreign exchange rate changes	50	68
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	28,721	97,031

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL

Global Mastermind Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (the "**Group**") are the provision and operation of travel business, treasury management business, money lending business, provision of securities, asset management business and financial advisory business.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendments to HKFRS 16 "COVID-19-Related Rent Concessions".

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 16 "COVID-19-Related Rent Concessions"

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

- there is no substantive change to other terms and conditions of the lease.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKFRS 16 "COVID-19-Related Rent Concessions" *(Continued)*

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 "Leases" if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 January 2020. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK$197,000 which has been recognised as variable lease payments in profit or loss during the year ended 31 December 2020.

New and Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018 – 2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information in considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HK36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets, and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Interest in a joint venture *(Continued)*

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Principal versus agent
When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of a lease
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract
For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates 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.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases of office premises and office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets
The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits
Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("**HKFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities
At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities *(Continued)*
COVID-19-related rent concessions
In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2021;

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amount forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor
Classification and measurement of leases
Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits
Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Exchange differences relating to the retranslation of the Group's net assets in Singapore dollars to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in exchange reserve. Such exchange differences accumulated in the exchange reserve are not reclassified to profit or loss subsequently.

Goodwill and fair value adjustments to identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Share-based payments *(Continued)*

Equity-settled share-based payment transactions (Continued)

Share options granted to employees *(Continued)*
When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment
Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and building
When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" (upon application of HKFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Property, plant and equipment *(Continued)*

Ownership interests in leasehold land and building (Continued)
If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land under HKFRS 16) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Intangible assets acquired in a business combination *(Continued)*

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*
Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "net realised gain on securities investment" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, loan receivables, lease receivables, loan interest receivables and other receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loan receivables are assessed for ECL on an individual basis);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost
Financial liabilities including bank and other borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Financial liabilities at FVTPL *(Continued)*
A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Convertible bonds notes contain equity component
The component parts of the convertible bonds notes are classified separately as financial liability and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component (including any embedded non-equity derivatives features) is estimated by measuring the fair value of similar liability that does not have an associated equity component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Convertible bonds notes contain equity component (Continued)

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, the balance recognised in equity will be transferred to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds notes using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fee received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement and valuation processes of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair values at the end of each reporting period as disclosed in note 18. The fair values have been based on a valuation on these properties conducted by an independent firm of professional valuer using property valuation techniques which involve certain assumptions of market conditions.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuer to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group first considers and adopts Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group adopts valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations are reported to the board of directors of the Company. Changes to assumptions and inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 18.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of a joint venture

As at 31 December 2020, in view of the fact that both actual sales and profit generated from the joint venture have fallen below expectation due to slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant joint venture which is the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture has been determined based on a value in use calculation. The value in use calculation requires the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

As at 31 December 2020, the carrying amount of the joint venture amounted to nil (2019: HK$6,426,000), after taking into account the impairment loss of HK$3,248,000 (2019: HK$6,000,000) recognised in profit or loss during the year.

Provision of ECL for trade receivables from travel business

Trade receivables from travel business with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group uses provision matrix to calculate ECL for the trade receivables from travel business which are individually insignificant. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables from travel business are disclosed in notes 23 and 40(b), respectively.

As at 31 December 2020, the carrying amount of trade receivables from travel business, net of accumulated loss allowance of ECL is HK$9,835,000 (2019: HK$113,486,000).

Provision of ECL for loan receivables

Provision of ECL for loan receivables is assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the provision will be based on the lifetime ECL. Assessment are done based on the Group's historical credit loss experience, general conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Provision of ECL for loan receivables *(Continued)*

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables are disclosed in notes 21 and 40(b), respectively.

As at 31 December 2020, the carrying amount of loan receivables, net of accumulated loss allowance of ECL is HK$245,980,000 (2019: HK$299,203,000).

Estimated fair value of convertible bonds

As described in note 33, the directors of the Company use their judgment in selecting an appropriate valuation technique for financial liabilities not quoted in an active market. The fair value of the convertible bonds are estimated by Binomial Option Pricing Model with the key inputs of discount rate, share price, dividend yield and expected volatility. The carrying amount of convertible bonds as at 31 December 2020 is HK$60,658,000 (2019: nil). The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of the convertible bonds.

5. NET (LOSS) GAIN ON SECURITIES INVESTMENT

Net realised gain (loss) on securities investment represents the proceeds from sale of financial assets at fair value through profit or loss less the carrying amounts of respective financial assets measured at fair value at the end of last financial year, and dividend income is recognised when the Group's right to receive the dividends is established. Net unrealised gain or loss represents the remaining fair value changes on the financial assets at fair value through profit or loss.

	2020 **HK$'000**	2019 HK$'000
Net realised (loss) gain on financial assets at fair value through profit or loss		
Proceeds from sale of financial assets at fair value through profit or loss	**23,949**	33,437
Carrying amount of financial assets at fair value through profit or loss	**(35,606)**	(28,535)
	(11,657)	4,902
Dividend income from securities investment	**20**	166
	(11,637)	5,068
Net unrealised loss on financial assets at fair value through profit or loss	**(4,236)**	(4,506)
	(15,873)	562

6. OPERATING SEGMENTS

The following is an analysis of the Group's revenue and results by operating segments, based on information provided to the chief operating decision maker ("**CODM**") representing the board of directors of the Company, for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided or income derived from business engaged in. This is also the basis upon which the Group is arranged and organised.

During the year ended 31 December 2019, the Group commenced the operation of corporate finance advisory business in Hong Kong. There was no new operating segment during the year ended 31 December 2020.

The Group's operations are organised into six (2019: six) reporting and operating segments under HKFRS 8 "Operating Segments", namely travel business, treasury management business, money lending business, brokerage business, asset management business and corporate finance advisory business (2019: namely travel business, treasury management business, money lending business, brokerage business, asset management business and corporate finance advisory business).

Segment revenue and results

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

	Segment revenue		Segment (losses) profits	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Travel business	**3,521**	26,019	**(105,842)**	(11,431)
Treasury management business	**(11,637)**	5,068	**(15,883)**	555
Money lending business	**29,636**	29,084	**(35,919)**	(5,137)
Brokerage business	**14,741**	14,679	**(127)**	(3,610)
Asset management business	**151**	540	**59**	278
Corporate finance advisory business	**738**	250	**(1,245)**	(1,529)
Total	**37,150**	75,640	**(158,957)**	(20,874)
Impairment loss on interest in a joint venture			**(3,248)**	(6,000)
Share of loss of a joint venture			**(2,590)**	(2,002)
Unallocated income			**6,642**	5,142
Unallocated expenses			**(108,931)**	(30,859)
Loss for the year			**(267,084)**	(54,593)

All of the segment revenue reported above are from external customers.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment (losses) profits represent the (losses incurred) profits earned by each segment without allocation of impairment loss on interest in a joint venture, share of loss of a joint venture, unallocated income (which mainly includes bank interest income of head office, rental income) and unallocated expenses (which mainly include central administration costs and directors' salaries, loss on fair value changes of investment properties and loss of assets arising from the incidents). This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

6. OPERATING SEGMENTS *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

	2020 **HK$'000**	2019 HK$'000
Segment assets		
Travel business	**38,367**	158,424
Treasury management business	**21,775**	61,597
Money lending business	**265,654**	314,411
Brokerage business	**96,107**	120,037
Asset management business	**13,665**	10,873
Corporate finance advisory business	**7**	164
Total reportable segment assets	**435,575**	665,506
Interest in a joint venture	**–**	6,426
Unallocated bank balances and cash	**1,711**	65,005
Unallocated assets	**163,687**	181,603
Consolidated assets	**600,973**	918,540
Segment liabilities		
Travel business	**64,229**	72,460
Money lending business	**1,662**	10,092
Brokerage business	**16,269**	31,032
Asset management business	**3,998**	1,648
Corporate finance advisory business	**9**	109
Total reportable segment liabilities	**86,167**	115,341
Unallocated liabilities	**165,186**	186,305
Consolidated liabilities	**251,353**	301,646

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

- all assets are allocated to operating segments other than interest in a joint venture, certain property, plant and equipment, investment properties, certain deposits and prepayments and certain bank balances and cash.

- all liabilities are allocated to operating segments other than other borrowing, convertible bonds and certain accruals and other payables.

6. OPERATING SEGMENTS *(Continued)*

Other information

Amounts included in the measure of segment results or segment assets:

	Travel business HK$'000	Treasury management business HK$'000	Money lending business HK$'000	Brokerage business HK$'000	Asset management business HK$'000	Corporate finance advisory business HK$'000
Year ended 31 December 2020						
Additions to property, plant and equipment	**159**	**–**	**–**	**–**	**–**	**–**
Depreciation of property, plant and equipment	**353**	**–**	**–**	**142**	**–**	**6**
Depreciation of right-of-use assets	**2,435**	**–**	**4,595**	**1,650**	**–**	**–**
Impairment loss on trade receivables	**93,714**	**–**	**–**	**–**	**–**	**–**
Impairment loss on loan receivables	**–**	**–**	**59,320**	**–**	**–**	**–**
Finance costs	**287**	**–**	**233**	**77**	**–**	**–**
Year ended 31 December 2019						
Additions to property, plant and equipment	130	–	–	11	–	17
Depreciation of property, plant and equipment	397	–	–	769	–	5
Depreciation of right-of-use assets	2,408	–	3,918	1,375	–	–
Impairment loss on trade receivables	11,775	–	–	–	–	–
Impairment loss on loan receivables	–	–	12,762	–	–	–
Interest income	7	–	–	16	6	–
Finance costs	879	–	418	131	–	–

Geographical information

The Group operates in three principal geographical areas – Singapore, Hong Kong and Malaysia.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of the assets are detailed below:

	Revenue from external customers		Non-current assets (note)	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Singapore	**3,521**	26,019	**2,450**	5,027
Hong Kong	**33,629**	49,621	**165,132**	189,333
Malaysia	**–**	–	**–**	6,426
	37,150	75,640	**167,582**	200,786

Note: Non-current assets excluded deferred tax assets, loan receivables and deposit and prepayment for a life insurance policy.

6. OPERATING SEGMENTS *(Continued)*

Timing of revenue recognition

	2020 **HK$'000**	2019 HK$'000
At a point in time		
Service income from provision of travel-related services (note)	**3,521**	26,019
Commission income from securities brokerage	**2,918**	4,322
Handling and settlement income arising from securities brokerage	**5,359**	5,738
Net realised (loss) gain on securities investment	**(11,637)**	5,068
Over time		
Interest income from money lending business	**29,636**	29,084
Interest income from margin financing	**6,404**	4,619
Interest income from initial public offering financing	**60**	–
Asset management fee income	**151**	540
Advisory fee income from corporate finance	**738**	250
	37,150	75,640

Note: Service income from provision of travel-related services represents the service fees charged on customers for making reservation of air tickets, hotel rooms and arrangement of packaged tours.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2020 **HK$'000**	2019 HK$'000
Customer A from money lending business (with HK$40,859,000 impairment loss on loan receivables (2019: HK$392,000))	**N/A #**	8,250
Customer B from money lending business (with HK$1,140,000 impairment loss on loan receivables (2019: HK$1,079,000))	**4,800**	N/A #
Customer C from money lending business (with HK$1,358,000 impairment loss on loan receivables (2019:HK$263,000))	**5,760**	N/A #
Customer D from money lending business (with HK$1,343,000 impairment loss on loan receivables (2019: HK$373,000))	**5,501**	N/A #
Customer E from money lending business (with HK$5,900,000 impairment loss on loan receivables (2019: HK$10,025,000))	**4,659**	N/A #

The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7. OTHER INCOME, OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Interest income	**1,107**	3,618
Rental income from related parties (note 42(b))	**5,026**	5,026
Incentive income from ticketing system	**–**	1,563
Commercial credit card rebate	**(147)**	626
Net exchange (loss) gain	**(78)**	208
Government grants*		
– Job Support Scheme from Singapore government	**8,379**	–
– Employment support scheme from the Hong Kong government	**1,674**	–
– Mandated rental relief from the Singapore government	**197**	–
– Anti-epidemic fund from the Hong Kong government	**50**	–
– Wage Credit Scheme from Singapore government	**–**	62
Others	**239**	1,237
	16,447	12,340

* The conditions of all those government grants are fulfilled and the Group received the government grants already.

8. OTHER EXPENSES

	2020 HK$'000	2019 HK$'000
Handling fee and commission arising from brokerage business	**6,404**	7,339
Legal and professional fees	**2,059**	2,088
Auditors' remuneration	**1,442**	885
Life insurance policy's surrender charge (note 22)	**1,013**	–
Telecommunication expenses	**988**	1,067
Rental expenses	**705**	865
Repair and maintenance expenses	**579**	686
Travelling expenses	**365**	1,659
Bank charges	**332**	1,173
Others	**8,108**	6,523
	21,995	22,285

9. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expense on convertible bonds (note 33)	**8,141**	8,449
Interest on other borrowing	**8,000**	5,041
Interest on short term bank borrowings	**1,018**	603
Interest on lease liabilities	**457**	826
	17,616	14,919

10. INCOME TAX CREDIT

	2020 HK$'000	2019 HK$'000
The tax charge (credit) comprises:		
Current tax		
– Hong Kong Profits Tax	**44**	1,076
– Singapore Corporate Income Tax	**–**	–
	44	1,076
Overprovision in prior years		
– Hong Kong Profits Tax	**(25)**	(50)
– Singapore Corporate Income Tax	**–**	(227)
	(25)	(277)
Deferred tax – current year (note 32)	**(9,788)**	(2,106)
	(9,769)	(1,307)

Hong Kong Profit Tax is calculated at 8.25% on the first HK$2,000,000 of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2,000,000 for both years.

Singapore Corporate Income Tax is calculated at 17% (2019: 17%) in accordance with the relevant laws and regulations in Singapore for both years.

The tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK$'000	2019 HK$'000
Loss before tax	**(276,853)**	(55,900)
Tax at domestic income tax rate of 16.5% (2019: 16.5%)	**(45,681)**	(9,224)
Tax effect of expenses not deductible for tax purpose	**18,667**	6,910
Tax effect of income not taxable for tax purpose	**(1,403)**	(1,411)
Tax effect of share of loss of a joint venture	**427**	330
Tax effect of tax losses not recognised	**3,597**	138
Tax effect of deductible temporary differences not recognised	**15,578**	2,599
Overprovision in respect of prior years	**(25)**	(277)
Effect of tax exemptions granted to a Singapore subsidiary	**(151)**	(149)
Effect of different tax rates of a subsidiary operating in other Jurisdiction	**(548)**	(58)
Effect of change in tax rate	**(230)**	(165)
Income tax credit for the year	**(9,769)**	(1,307)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

11. LOSS FOR THE YEAR

	2020 HK$'000	2019 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments (excluding housing allowance) (note 12)	9,432	8,892
Salaries and allowances (excluding directors' emoluments)	30,251	41,690
Retirement benefits scheme contribution (excluding directors' emoluments)	2,284	3,422
Total staff costs	41,967	54,004
Gross rental income from investment properties	(5,026)	(5,026)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	–	–
	(5,026)	(5,026)
Auditors' remuneration	1,442	885
Depreciation for property, plant and equipment	519	1,226
Depreciation for right-of-use assets	8,680	7,701
Lease payment for office premises under short-term leases and low-value assets	705	865
Imputed interest income from deposit for a life insurance policy	(147)	(12)
Premium charges on a life insurance policy	229	26

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

2020

Name of director	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Housing allowance HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	4,560	–	18	–	4,578
Mr. Mung Kin Keung	1,860	–	18	–	1,878
Mr. Mung Bun Man, Alan	2,400	–	18	2,252	4,670
Mr. Tse Ke Li (Note i)	360	–	18	–	378
	9,180	–	72	2,252	11,504
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
Mr. Lai Hok Lim (Note ii)	26	–	–	–	26
Mr. Tsai Yung Chieh, David (Note iii)	34	–	–	–	34
	180	–	–	–	180
Total	9,360	–	72	2,252	11,684

Notes:

i) Mr. Tse Ke Li resigned as the executive director of the Company on 15 January 2021.

ii) Mr. Lai Hok Lim was appointed as the independent non-executive director of the Company on 24 July 2020.

iii) Mr. Tsai Yung Chieh, David resigned as the independent non-executive director of the Company on 24 July 2020.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

2019

Name of director	Fees HK$'000	Salary HK$'000	Contribution to retirement benefits scheme HK$'000	Housing allowance HK$'000	Total HK$'000
Executive directors:					
Mr. Cheung Kwok Wai, Elton	4,020	–	18	–	4,038
Mr. Mung Kin Keung	1,860	–	18	–	1,878
Mr. Mung Bun Man, Alan	2,400	–	18	1,323	3,741
Mr. Tse Ke Li	360	–	18	–	378
	8,640	–	72	1,323	10,035
Independent non-executive directors:					
Mr. Law Kwok Ho, Kenward	60	–	–	–	60
Mr. Tsai Yung Chieh, David	60	–	–	–	60
Mr. Fung Wai Ching	60	–	–	–	60
	180	–	–	–	180
Total	8,820	–	72	1,323	10,215

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and subsidiaries of the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

No directors waived any emoluments for the years ended 31 December 2020 and 2019.

The Company has not appointed chief executive officer and the roles and functions of chief executive officer have been performed by the above executive directors of the Company collectively.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2019: three) directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2019: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other benefits	3,007	4,286
Performance related bonuses	500	–
Contribution to retirement benefits scheme	36	36
	3,543	4,322

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020 HK$'000	2019 HK$'000
HK$1,000,001 – HK$1,500,000	1	–
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	1	1
	2	2

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of both years.

15. LOSS PER SHARE

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

	2020 HK$'000	2019 HK$'000
Loss		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(267,084)	(54,593)

	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	4,262,867	4,262,867

For the years ended 31 December 2020 and 2019, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds as at 31 December 2020 and 2019 since their assumed conversion would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Computer equipment HK$'000	Total HK$'000
COST					
At 1 January 2019	5,788	3,365	3,464	2,367	14,984
Additions	–	–	111	47	158
Exchange adjustments	16	11	25	11	63
At 31 December 2019	5,804	3,376	3,600	2,425	15,205
Additions	–	–	–	168	168
Exchange adjustments	29	20	49	13	111
At 31 December 2020	5,833	3,396	3,649	2,606	15,484
DEPRECIATION					
At 1 January 2019	5,211	2,994	3,406	1,640	13,251
Provided for the year	560	149	66	451	1,226
Exchange adjustments	15	8	25	9	57
At 31 December 2019	5,786	3,151	3,497	2,100	14,534
Provided for the year	18	151	47	303	519
Exchange adjustments	29	18	47	12	106
At 31 December 2020	5,833	3,320	3,591	2,415	15,159
CARRYING VALUES					
At 31 December 2020	–	76	58	191	325
At 31 December 2019	18	225	103	325	671

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or over the term of the lease, whichever is shorter
Motor vehicles	10% – 20%
Furniture, fixtures and equipment	15% – 33%
Computer equipment	30% – 33%

17. RIGHT-OF-USE ASSETS

	Leasehold land and building HK$'000	Motor Vehicle HK$'000	Total HK$'000
Carrying amount as at 1 January 2019 recognised upon the application of HKFRS 16	11,164	2,174	13,338
Addition	6,908	–	6,908
Depreciation charge during the year	(7,481)	(220)	(7,701)
Exchange adjustments	28	16	44
Carrying amount as at 31 December 2019	10,619	1,970	12,589
Addition	–	–	–
Depreciation charge during the year	(8,457)	(223)	(8,680)
Exchange adjustments	21	27	48
Carrying amount as at 31 December 2020	2,183	1,774	3,957

	2020 HK$'000	2019 HK$'000
Expense relating to short-term leases	265	549
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	440	316
Total cash outflow for leases	9,886	8,927
Addition to right-of-use assets	–	6,908

For both years, the Group leases various offices and a vehicle for its operations. Lease contracts are entered into for fixed term of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for office equipment and for office in Hong Kong. The lease term for short-term leases is within one year (2019: within one year). As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 31 December 2020, the above right-of-use assets included a right to use a property owned by a related company of a substantial shareholder of the Company of HK$860,000 (2019: HK$3,651,000) for the Group to use as office premises. The remaining lease term is 1 year (2019: 2 years). The lease liability amounted to HK$918,000 (2019: HK$3,759,000) as at 31 December 2020.

17. RIGHT-OF-USE ASSETS

Rent concessions

During the year ended 31 December 2020, lessors of offices provided rent concessions to the Group through rent reductions of one month.

These rent concessions occurred as a direct consequence of COVID-19 pandemic and met all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. The effects on changes in lease payments due to forgiveness or waiver by the lessors for the relevant lease of HK$197,000 were recognised as negative variable lease payments in profit or loss during the year ended 31 December 2020.

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2019	187,800
Decrease in fair value recognised in profit or loss (unrealised)	(6,700)
At 31 December 2019	181,100
Decrease in fair value recognised in profit or loss (unrealised)	(17,800)
At 31 December 2020	163,300

The Group leases out various offices to some related companies under operating leases with rentals receivable monthly. The leases typically have a lease term of two to three years.

Subsequent to the end of reporting period, all the investment properties were pledged to secure the bank borrowings (note 29) in March 2021.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The fair values of the Group's investment properties at 31 December 2020 and 31 December 2019 have been arrived at on the basis of valuations carried out on the respective dates by APAC Appraisal and Consulting Limited, an independent professional qualified property valuer not connected to the Group.

The valuations were arrived at by using direct comparison method by making reference to the comparable market transactions as available. The direct comparison method is based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve, which has led to higher degree of uncertainties in respect of the valuations in the current year.

18. INVESTMENT PROPERTIES *(Continued)*

The following table gives information about how the fair value of these investment properties as at 31 December 2020 and 2019 was determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value hierarchy	Nature of properties held	Valuation technique(s) and significant unobservable input(s)	Relationship of unobservable inputs to fair value
Level 3	Commercial properties located in Hong Kong	Direct comparison method – based on price per square foot, using market observable comparable prices of similar properties ranging from HK$30,000 to HK$32,000 (2019: from HK$33,000 to HK$35,000) per square foot, and adjusted taking into account locations and other individual factors such as floor level, building age, size and conditions of the properties.	A slight increase in the price per square foot will result in a significant increase in the fair value, and vice versa.

Fair value measurements and valuation processes

In estimating the fair values of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the board of directors of the Company.

There were no transfers into or out of Level 3 during both years.

Information about the valuation techniques and inputs used in determining the fair value of the Group's investment property is disclosed above.

19. INTANGIBLE ASSETS

	Trade name HK$'000	Customer relationship HK$'000	Total HK$'000
COST			
At 1 January 2019	53,575	58,465	112,040
Exchange adjustments	421	459	880
At 31 December 2019	53,996	58,924	112,920
Exchange adjustments	781	852	1,633
At 31 December 2020	54,777	59,776	114,553
AMORTISATION AND IMPAIRMENT			
At 1 January 2019	53,575	58,465	112,040
Exchange adjustments	421	459	880
At 31 December 2019	53,996	58,924	112,920
Exchange adjustments	781	852	1,633
At 31 December 2020	54,777	59,776	114,553
CARRYING VALUES			
At 31 December 2020 and 2019	–	–	–

The intangible assets were purchased as part of the acquisition of a travel business in Singapore, Safe2Travel Pte Ltd ("**Safe2Travel**"), a wholly-owned subsidiary of the Group with limited liability incorporated in Singapore, in prior years and were recognised at their fair value at the date of acquisition.

The directors of the Company are of the opinion that the Group has the ability to use the trade name continuously. Various studies including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the trade name has no foreseeable limit to the period over which the services provided are expected to generate net cash flows for the Group.

As a result, the trade name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trade name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Other than the trade name, the customer relationship has an estimated useful life of 7 years and is amortised on a straight-line basis.

As of 31 December 2018, the above intangible assets were fully impaired from the management impairment assessment on the recovery amount of the cash-generating unit ("**CGU**") of the travel business in Singapore, Safe2Travel. The management considered that the recoverable amount is still nil as at 31 December 2019 and 2020, due to the COVID-19 pandemic and slowing global and local economy in Singapore.

20. INTEREST IN A JOINT VENTURE

On 30 July 2013, Jade Emperor International Limited ("**Jade Emperor**"), a wholly-owned subsidiary of the Company, entered into a venture participation agreement (the "**Participation Agreement**") with Matrix Triumph Sdn. Bhd. ("**MTSB**"), being the joint venture partner, and Discover Orient Holidays Sdn. Bhd. ("**DOH**"), being the joint venture company, for participation and involvement in the business being conducted by DOH at a cash consideration of HK$14 million. DOH, which is incorporated in Malaysia with limited liability, engages principally in the business of operating as an organiser of tours and travel agent in Malaysia.

The transaction was completed on 31 August 2013. Pursuant to the terms of the Participation Agreement, DOH shall pay to Jade Emperor a management fee as its share of results which is equivalent to 90% of the profit before taxation of DOH.

In addition to the Participation Agreement, MTSB and Jade Emperor also entered into an option agreement on the same day, pursuant to which MTSB granted a call option to Jade Emperor to acquire the entire issued share capital in DOH at a price to be agreed by the parties with reference to the profit before taxation of DOH or such comparables at the time of exercise of the option. In the opinion of the directors, the exercise price of the call option will be at market value on a mutually agreed basis by the parties at the time of exercise of the option, and therefore the value of the call option has no material financial impact to the Group.

As the Participation Agreement requires the consent of both parties on major decisions in the operation and control of DOH, DOH is treated as a joint venture of the Group accordingly.

As at 31 December 2020, in view of the fact that both actual sales and profit generated from the joint venture have fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, the Group performed impairment assessment on the joint venture. Determining whether impairment loss should be recognised requires an estimation of the recoverable amount of the relevant joint venture which is the higher of value in use and fair value less costs to sell. The recoverable amount of interest in a joint venture has been determined based on a value in use calculation. The value in use calculation requires the management of the Group to estimate its share of the present value of the estimated future cash flows expected to be generated by the joint venture, including the cash flows from the operations of the joint venture and the proceeds from the ultimate disposal of the investment.

For the purposes of impairment testing, the value in use was determined by the management of the Group with the assistance of Ascent Partners Valuation Service Limited, an independent professional qualified valuer not connected with the Group. The calculation uses cash flow projections based on financial budgets approved by management of the joint venture covering a five-year period, and discounted at a discount rate of 16.41% (31 December 2019: 16.51%). Cash flows after the five-year period are extrapolated using a 2.17% (31 December 2019: 2.17%) terminal growth rate in considering the economic condition of the market.

20. INTEREST IN A JOINT VENTURE *(Continued)*

Other key assumptions for the value in use calculations relate to the estimation of cash inflow based on the above financial budgets including the budgeted sales and gross margin. Such estimation is based on the joint venture's past performance and management's expectations for the market development including the fluctuation in the travel business in the current economic environment. Both actual sales and profit generated from the joint venture which engaged in the travel business segment in Malaysia have fallen below expectation due to the COVID-19 pandemic and slowing global and local economy in Malaysia, and therefore the management has revised the cash flow projections to reflect the latest economic conditions as at the end of the reporting period. On this basis, the recoverable amount of the joint venture is estimated approximately to be nil (31 December 2019: HK$6,426,000). The directors of the Company concluded that an impairment loss of HK$3,248,000 (31 December 2019: HK$6,000,000) was recognised in profit or loss during the year ended 31 December 2020.

Details of the Group's investment in a joint venture are as follows:

	2020 **HK$'000**	2019 HK$'000
Cost of investment in a joint venture	**14,000**	14,000
Share of post-acquisition profits and other comprehensive income	**1,270**	3,860
Accumulated impairment loss recognised	**(12,093)**	(8,845)
Exchange adjustments	**(3,177)**	(2,589)
	–	6,426

The interest in the joint venture is accounted for using equity method.

	2020 **HK$'000**	2019 HK$'000
Revenue	**4,769**	36,138
Loss for the year	**(2,878)**	(2,224)
Other comprehensive income for the year	**–**	–
Total comprehensive income (expense) for the year	**(2,878)**	(2,224)
Dividends received from the joint venture during the year	**–**	–

20. INTEREST IN A JOINT VENTURE *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2019 HK$'000
Net assets	13,807
Proportion of the Group's ownership interest	90%
Effect of fair value adjustment at acquisition	2,845
Accumulated impairment loss recognised on interest in a joint venture	(8,845)
Carrying amount of the Group's interest	6,426

The impairment assessment and above valuation was performed as at 30 June 2020, the interest in a joint venture has been fully impaired during the six months ended 30 June 2020. In the opinion of the directors of the Company, no any indication or circumstances changed leading for further impairment assessment since that date, and the interest in joint venture was fully impaired as at 31 December 2020.

Significant restriction

There are no significant restrictions on the ability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

21. LOAN RECEIVABLES

	2020 HK$'000	2019 HK$'000
Fixed-rate loan receivables	**321,400**	320,723
Accrued interest receivables	**9,966**	4,546
Less: Accumulated loss allowance of ECL	**(85,386)**	(26,066)
	245,980	299,203
Analysed as		
Current	**109,575**	277,078
Non-current	**136,405**	22,125
	245,980	299,203

The range of interest rate on the Group's loan receivables is from 7.42% to 15% per annum for both years. The loans are respectively repayable in one to five years (31 December 2019: one to five years) from the drawdown date, and hence the loans repayable beyond one year from the end of the reporting period were classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrowers in full before the maturity of the loans.

21. LOAN RECEIVABLES *(Continued)*

Before granting loans to outsiders, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly. The management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. The policy includes evaluation of collectability and aging analysis of the loan receivables based on management's judgement and creditworthiness, collateral, past collection history of each individual and corporate borrower.

There are loans secured with collaterals and unsecured loans mainly comprise corporate entities or individuals with a good reputation. The unsecured loans were granted based on borrowers' creditworthiness. In addition, the Group may require an unsecured loan be covered by a third party guarantee, depending on the borrower's credit status and the credit risk assessed by the management.

The Group performed credit risk assessment of each borrower to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the cash inflow that are expected from foreclosure on the collaterals (if any) less the costs of selling the collaterals. In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument as at the reporting date with the date of initial recognition.

In determining the recoverability of the loan receivables, the Group will consider the change in the credit quality of the loan receivables, if any, from the date the loans were initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as past due information or default in payments, and the market value of the collaterals pledged to the Group.

At 31 December 2020, the net carrying amount of loan receivables amounting to HK$66,130,000 (2019: HK$111,026,000) are secured or guaranteed, and HK$179,850,000 (2019: HK$188,177,000) being unsecured or unguaranteed. The collaterals of the secured loans are taken into account when determining the loss given default, and the loss rate for the loan receivables. There has been no significant change in the quality of the collaterals held for the loan receivables during the year.

The directors of the Company consider credit risks have incurred significantly and those past due more than 90 days are considered as credit-impaired.

During the current year, loan receivables with a gross carrying amount of HK$83,301,000 (2019: HK$nil) are determined to be credit-impaired (i.e. Stage 3 – Lifetime ECL), and accumulated loss allowance of HK$42,094,000 (2019: HK$nil) was provided based on the ECL assessment performed because they are overdue for more than 90 days. Out of these amounts, HK$21,629,000 was secured by first charged over properties in Hong Kong of which the market value of the property less its estimated costs to sell of approximately HK$22,000,000 at 31 December 2020, and accumulated loss allowance of ECL of nil has been provided. The remaining amount of loan receivables of HK$59,531,000 was guaranteed and HK$2,141,000 was unsecured by any collateral.

The Group considers various actions for recovery of the credit-impaired loan including regular collateral revisions and interviews with the borrower to update the credit risk of the borrower. In the event of default, the Group might take possession of assets held as collateral through court proceeding or voluntary delivery of possession by the borrower. The credit quality review process enables the Group to assess the potential loss as a result of the risk to which it is exposed and take appropriate corrective actions.

21. LOAN RECEIVABLES *(Continued)*

For the loan receivables that credit risk has increased significantly since its initial recognition but is not deemed to be credit-impaired (i.e. Stage 2 – Lifetime ECL), loan receivables with gross carrying amount of HK$94,686,000 (2019: HK$95,186,000) was unsecured or unguaranteed, and accumulated loss allowance of ECL of HK$36,493,000 (2019: HK$22,120,000) was provided based on the ECL assessment performed.

For the loan receivables assessed no significant increase in their credit risk since its initial recognition under the 12 months ECL (i.e. Stage 1 – 12 months ECL), loan receivables with a gross carrying amount of HK$153,379,000 (2019: HK$230,083,000) was unsecured or unguaranteed, and accumulated loss allowance of ECL of HK$6,799,000 (2019: HK$3,946,000) was provided based on the ECL assessment performed.

Before extending the loans to borrowers, the management of the Group reviews and assesses each borrower individually based on the evaluation of collectability and aging analysis of the loan account and on management's judgement, including the current creditworthiness and the past collection statistics of each borrower, the realisation value of securities or collaterals from the borrower and the guarantor.

Further details of ECL assessment are set out in Note 40(b).

No aging analysis is disclosed, as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of business of money lending.

22. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY

	2020 **HK$'000**	2019 HK$'000
Deposit for a life insurance policy	–	4,882
Prepayment for a life insurance policy	–	2,128
	–	7,010
Less: current portion of prepayment for a life insurance policy (included in trade and other receivables (note 23))	–	(308)
Amounts included in non-current assets	–	6,702
Analysed as		
Current	–	308
Non-current	–	6,702
	–	7,010

22. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY *(Continued)*

In November 2019, Safe2Travel (as defined in note 19) entered into a life insurance policy (the "**Policy**") to insure a key management person of a subsidiary operating the travel business in Singapore. The insured person is not a director or a shareholder of the Company. Under the Policy, the beneficiary and policy holder is Safe2Travel and the total insured sum is approximately United States dollars ("**US$**") 3,036,000 (equivalent to approximately HK$23,675,000). At the inception of the Policy, Safe2Travel paid an upfront gross premium of approximately US$901,000 (equivalent to approximately HK$6,996,000). The insurance company will pay Safe2Travel a guaranteed interest rate of 4.25% per annum for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2.00% per annum) during the effective period of the Policy. The Group can terminate the Policy at any time and can receive cash back at the date of termination based on the account value of the Policy (the "**Account Value**"), which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the Policy. If termination is made between the first policy year to the end of surrender period stated in the Policy, there is a specified amount of surrender charge deducted from the Account Value.

At the date of initial recognition, the directors of the Company expected that the Policy would be terminated at the end of the seventh policy year in 2026, and accordingly, there would be a specified surrender charge of approximately US$123,000 (equivalent to approximately HK$959,000) in accordance with the Policy, representing 13.8% of the Account Value. The estimated Account Value at the end of the seventh policy year is approximately US$890,000 (equivalent to approximately HK$6,937,000).

The Policy provides the Group with coverage for significant insurance risk. The gross premium paid at inception of the Policy consists of a deposit placed element and a prepayment for life insurance element. These two elements are recognised on the consolidated statement of financial position at the aggregate of the amount of gross premium paid plus interest earned, and after deducting the annual cost of insurance, other applicable charges as well as the amortisation of the expected surrender charge at the end of seventh policy year.

The effective interest rate of the deposit was 2.94% per annum for 2019.

As at 31 December 2019, deposit and prepayment for the life insurance policy amount to approximately US$899,000 (equivalent to approximately HK$7,010,000) in aggregate, of which HK$6,702,000 and HK$308,000 are classified as non-current assets and current assets respectively.

During the year ended 31 December 2020, this life insurance policy was terminated and the remaining Account Value, net of surrender charges amounting to HK$1,013,000, of US$745,000 (equivalent to approximately HK$5,785,000), is recognised as other receivable (note 23) to the Group as at 31 December 2020. Subsequent to the end of reporting period, the remaining Account Value from this life insurance policy has been utilised to set off against the part of outstanding bank borrowings (note 29) in January 2021.

22. DEPOSIT AND PREPAYMENT FOR A LIFE INSURANCE POLICY *(Continued)*

The Group's deposit for a life insurance policy that is denominated in currencies other than the functional currencies of the relevant group entity is set out below:

	2020 HK$'000	2019 HK$'000
US$	–	4,882

23. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Accounts receivables from brokerage business:		
– Margin clients (note i)	58,515	71,862
– Cash clients (note ii)	250	507
– Clearing house (note ii)	7,202	2,354
– A broker (note ii)	–	1,527
Trade receivables from travel business, net of accumulated loss allowance of ECL	9,835	113,486
Trade receivables from asset management business	3,391	805
Trade receivables from corporate finance advisory business	–	152
Brokers receivables	55	274
Prepayment for a life insurance policy (note 22)	–	308
Receivable from the surrender of life insurance policy (note 22)	5,785	–
Deposits, prepayments and other receivables	22,804	30,677
	107,837	221,952

Notes:

(i) Loans to securities margin clients are secured by clients' pledged securities with fair value of HK$179,317,000 (2019: HK$411,282,000) as at 31 December 2020. The loans are repayable on demand and carry interest typically at Hong Kong prime rate +3% to +10% per annum. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of brokerage business of securities margin financing.

(ii) The normal settlement terms of accounts receivables from cash clients, clearing house and a broker are two trading days after trade date. As at 31 December 2020, accounts receivables from cash client was HK$250,000 (2019: HK$507,000). Accounts receivables from cash clients which are neither past due nor impaired represent unsettled client trades on securities exchange transacted on the last two business days prior to the end of the reporting period.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

For the travel business, the Group allows an average credit period range from 60-90 days to its customers of the travel business. The following is an aged analysis of receivables from travel business, net of accumulated loss allowance of ECL, presented based on the invoice date at the end of the reporting period.

	2020 HK$'000	2019 HK$'000
Up to 3 months	**5,809**	46,109
4 to 6 months	**1,410**	49,426
7 to 12 months	**2,616**	12,749
Over 1 year	**–**	5,202
	9,835	113,486

Trade receivables from travel business represent the amounts billed to customers, of which trade receivables, net of accumulated loss allowance of ECL, from travel business in Singapore are HK$9,835,000 (2019: HK$113,486,000) as at 31 December 2020. The Group measures loss allowance for trade receivables from travel business at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The significant increase in loss allowance of ECL was due to the COVID-19 pandemic and slow global and local economy in Singapore. The expected credit losses also incorporate forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle such trade receivables. Trade receivables from travel business have been grouped based on shared credit risk and the days past due.

As at 31 December 2020, included in the Group's trade receivables from travel business balance are debtors with aggregate carrying amount of approximately HK$4,649,000 (2019: HK$67,728,000) which are past due as at the reporting date. The average age of these receivables is 185 days (2019: 141 days). For the year ended 31 December 2020, the loss allowance of ECL is further increased by HK$93,714,000 (2019: HK$11,775,000), and details of impairment assessment of trade and other receivables are set out in notes 4 and 40(b).

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Listed investments held for trading(note)		
– Equity securities listed in Hong Kong	**21,672**	61,515

Note: The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

At 31 December 2020 and 2019, no financial assets at fair value through profit or loss have been pledged as security.

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits and bank balances carry interest at market rates which range from 0.15% to 0.35% (2019: 0.15% to 0.35%) per annum.

The Group's bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2020 HK$'000	2019 HK$'000
US$	53	13
Australian dollar ("**AUD**")	38	174
New Zealand dollar ("**NZD**")	73	76
Renminbi ("**RMB**")	15	13

26. BANK TRUST ACCOUNT BALANCES

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its brokerage and asset management business. The Group has classified the clients' monies as bank trust account balances under the current assets section in the consolidated statement of financial position and recognised the corresponding payable to the respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

27. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Accounts payables from brokerage business:		
– Margin clients	7,461	11,528
– Cash clients	6,573	15,382
– Clearing house	1,390	1,570
– A broker	18	–
Trade payables from travel business	16,073	21,413
Trade payables from asset management business	3,942	1,257
Accruals	3,343	7,939
Interest payable	658	1,517
Tenant deposits received	1,406	1,406
Other payables	15,251	7,729
	56,115	69,741

For the brokerage business, the normal settlement terms of accounts payables to clients, clearing house and broker(s) are two trading days after trade date. No aging analysis is disclosed for the accounts payables from the brokerage business as, in the opinion of directors of the Company, the aging analysis does not give additional value in view of the nature of brokerage business.

27. TRADE AND OTHER PAYABLES *(Continued)*

For the travel business, the following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period.

	2020	2019
	HK$'000	HK$'000
Within 1 month	**2,092**	14,318
1 to 2 months	**4,674**	3,539
2 to 3 months	**1,486**	514
Over 3 months	**7,821**	3,042
	16,073	21,413

The average credit period from trade suppliers of the travel business is 30 days for both years.

28. CONTRACT LIABILITIES

	2020	2019
	HK$'000	HK$'000
Deposits received from customers for provision of travel-related services	**850**	1,473
Deposits received from customers for provision of corporate finance advisory services	**–**	100
	850	1,573

29. BANK BORROWINGS

	2020	2019
	HK$'000	HK$'000
The carrying amounts of secured bank borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**30,233**	31,035
Within a period of more than one year but not exceeding two years	**–**	943
Within a period of more than two years but not exceeding five years	**–**	4,003
	30,233	35,981

As at 31 December 2020, the bank borrowings carry interest rates ranging from 3.00% to 4.50% (2019: 3.00% to 4.50%) per annum.

29. BANK BORROWINGS *(Continued)*

The Group's bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entity are set out below:

	2020	2019
	HK$'000	HK$'000
US$	**5,796**	6,592

During the years ended 31 December 2020 and 2019, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in Safe2Travel, a subsidiary of the Group. The bank borrowings of approximately Singapore Dollars ("SG$") SG$4,170,000 (equivalent to approximately HK$24,437,000, (2019: SG$5,088,000 (equivalent to approximately HK$29,389,000)), are guaranteed by the Company and the entire bank borrowings have been classified as current liabilities relevant at the end of the reporting periods. In the opinion of the directors of the Company, the bank has given its accommodation for the technical breach and did not demand immediate repayment of the outstanding amount, and the management of the Group has been in the process of negotiation with the bank for a settlement plan.

In December 2020, the Company negotiated with the bank for the detail terms of the settlement and formally reached an agreement with the bank in March 2021 in repaying the outstanding bank borrowings and the accrued interest payable (after deducting the surrender value of US$745,000 (equivalent to HK$5,785,000) of the life insurance policy (note 22) in January 2021), in which (i) 10% of the outstanding balance of SG$504,000 (equivalent to HK$2,961,000) was paid in January 2021, (ii) a portion of the outstanding balance of SG$214,000 (equivalent to HK$1,253,000) was paid in February 2021, and (iii) the remaining outstanding balance of SG$3,487,000 (equivalent to HK$20,433,000) together with the accrued and unpaid interest thereon will be paid by 17 equal monthly instalments commencing in March 2021. The repayment is secured by a first legal mortgage over the Group's investment properties in Hong Kong at carrying amount of HK$163,300,000 (note 18) and the assignment of rental proceeds deriving from these investment properties to the bank.

30. OTHER BORROWING

During the year ended 31 December 2020, the Group has a borrowing amounting to HK$100,000,000 (31 December 2019: HK$100,000,000) which was guaranteed by a personal guarantee given by Mr. Cheung Kwok Wai, Elton, an executive director and a shareholder of the Company. The loan carried interest at a fixed rate of 8% per annum and is repayable in instalments. The maturity date of the other borrowing is in November 2021, which is repayable within one year from the end of the reporting period. The majority of the proceeds were used to finance the working capital of money lending business.

31. LEASE LIABILITIES

	2020 HK$'000	2019 HK$'000
Lease liabilities payable:		
Within one year	**2,686**	8,706
Within a period of more than one year but not more than two years	**811**	2,678
Within a period of more than two years but not more than five years	**–**	799
	3,497	12,183
Less: amount due for settlement within 12 months shown under current liabilities	**(2,686)**	(8,706)
Amount due for settlement after 12 months shown under non-current liabilities	**811**	3,477

The Group's lease liabilities are denominated in the functional currency of the relevant group entities.

As at 31 December 2020, included in lease liabilities is payable to a related company of a substantial shareholder of the Company of HK$918,000 (31 December 2019: HK$3,759,000).

32. DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised and movements thereon during the current and prior years.

	ECL provision HK$'000
At 1 January 2019	2,195
Credit to profit or loss (note 10)	2,106
At 31 December 2019	4,301
Credit to profit or loss (note 10)	9,788
At 31 December 2020	14,089

At the end of the reporting period, the Group has unused tax losses of approximately HK$79,963,000 (2019: HK$79,200,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits stream.

32. DEFERRED TAX ASSETS *(Continued)*

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$105,969,000 (2019: HK$13,056,000) in respect of the depreciation of property, plant and equipment and loss provision of ECL in respect of trade receivables from travel business in Singapore. No deferred tax asset has been recognised in relation to such deductible temporary differences as, in the opinion of the directors of the Company, it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. CONVERTIBLE BONDS

The Company issued 8% two-year convertible bonds (the "**Convertible Bonds I**") with principal amount of HK$80,000,000 on 13 November 2018 to an independent third party. The Convertible Bonds I were denominated in Hong Kong dollars. The Convertible Bonds I entitled the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and the fifth business days prior to 12 November 2020 at a conversion price of HK$0.115 per conversion share. If the Convertible Bonds I have not been converted, they would be redeemed on the maturity date at par. Interest of 8% per annum would be paid annually in arrears up until the settlement date.

The principal terms of the Convertible Bonds I were disclosed in the Company's announcement dated 29 October 2018.

At initial recognition, the equity component of the Convertible Bonds I was separated from the liability component of Convertible Bonds I. The equity element is presented in equity heading "convertible bonds equity reserve". The effective interest rate of the liability component is 11.12% per annum.

During the year ended 31 December 2020, the Company issued new 8% two-year convertible bonds (the "**Convertible Bonds II**") with principal amounting of HK$60,000,000 to the holder of the Convertible Bonds I on 12 November 2020. The Company and the holder of the Convertible Bonds I have agreed that part of the moneys due by the Company to the holders of the Convertible Bonds I has been used to pay for the subscription moneys for the Convertible Bonds II. As such, the Company shall not receive proceeds from this issuance, and the Company repaid part of the principal amount of HK$20,000,000 of Convertible Bonds I and the accrued coupon interests of HK$6,400,000, totaling of HK$26,400,000 (including HK$859,000 was used to settle prior year's accrued interest payable), to the holder.

The principal terms of the Convertible Bonds II were disclosed in the Company's announcement dated 25 September 2020.

The Convertible Bonds II are denominated in Hong Kong dollars, and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the Convertible Bonds II and the fifth business days prior to 11 November 2022 at a conversion price of HK$0.071 per conversion share. If the Convertible Bonds II have not been converted, they will be redeemed on the maturity date at par. Interest of 8% per annum will be paid annually in arrears up until the settlement date.

No adjustment shall be made to the conversion price in any case in which the amount by which the same would be reduced in accordance with certain provisions would be less than 1% and any adjustment that would otherwise be required then to be made shall not be carried forward.

33. CONVERTIBLE BONDS *(Continued)*

If any adjustment made to the conversion price would require the Company to allot and issue shares in excess of 852,573,410 unissued shares under the general mandate granted to the directors of the Company, the holders would be entitled to convert up to the maximum of 852,573,410 conversion shares and all remaining portion of the principal amount will be redeemed on a dollar-to-dollar basis plus interest accrued on the conversion date of the Convertible Bonds II. The Company has the right to redeem part or all of the outstanding Convertible Bonds II by giving to the holders of the Convertible Bonds II a redemption notice not less than seven business days at any time from the issue date but before the maturity date.

The conversion options are not settled by exchange of a fixed amount of cash or another asset for a fixed number of the Company's own shares as they contain the feature designed to protect the holders of convertible debt from adverse movements in share price at the expense of the existing ordinary shareholders. The Company has designated the debt component, derivative components of holder's conversion option and issuer's early redemption option as financial liabilities at fair value through profit or loss and initially recognised Convertible Bonds II at fair value. The fair value of Convertible Bonds II is determined by aggregating the fair values of (i) present value of contractual future cash flows, represented by the 8% coupon payments per annum, discounted at the effective interest rate of 11% per annum, taking into account the credit standing of the Company and the remaining time to maturity; and (ii) conversion option and issuer's early redemption option. The Company may at any time from the issue date but before the maturity date redeem part or all of the outstanding Convertible Bonds II principal and accrued interests.

The valuation of Convertible Bonds II is determined with the assistance of APAC Appraisal and Consulting Limited, an independent qualified professional valuer not connected to the Group.

In subsequent periods, such Convertible Bonds II are measured at fair value with changes in fair values recognised in profit or loss. Transaction costs relating to the issuance of Convertible Bonds II are charged to profit or loss.

The Convertible Bonds II is measured at fair value using the Binomial Option Pricing Model, at initial recognition and at the end of each subsequent reporting period. The inputs into the model as at 12 November 2020 and 31 December 2020 are as follows:

	31 December 2020	12 November 2020 (Date of issuance)
Share price	**HK$0.051**	HK$0.051
Conversion price	**HK$0.071**	HK$0.071
Expected volatility	**44%**	44%
Dividend yield	**0%**	0%
Option life	**1.87 years**	2.00 years
Discount rates	**11%**	11%

33. CONVERTIBLE BONDS *(Continued)*

The movement of Convertible Bonds I and II for the year is set out as below:

	Convertible Bonds I HK$'000	Convertible Bonds II HK$'000	Total HK$'000
At 1 January 2019	76,009	–	76,009
Coupon interest paid/payable	(6,400)	–	(6,400)
Interest charge (note 9)	8,449	–	8,449
At 31 December 2019	78,058	–	78,058
Initial recognition on issuance and deemed repayment	(60,000)	60,000	–
Repayment of principal amount	(20,000)	–	(20,000)
Coupon interest paid/payable	(5,541)	–	(5,541)
Interest charge (note 9)	7,483	658	8,141
At 31 December 2020	–	60,658	60,658

During the year ended 31 December 2020, the Group breached technically certain terms and conditions of the Convertible Bonds II which are primarily related to the cross default of the bank borrowings (note 29) due by a subsidiary of the Group. The Convertible Bonds II with a carrying value of HK$58,740,000 was ordinarily designated as financial liabilities at fair value through profit or loss and therefore included as current liabilities at 31 December 2020. Subsequent to the end of the reporting period, the Company formed the settlement agreement in March 2021 with the bank for its borrowing (note 29) due from its subsidiary, and in the opinion of the directors of the Company, the Group no longer breaches technically the cross-default clause.

As at 31 December 2020, the holder of Convertible Bonds II has the right to require immediate redemption of all the outstanding principal and accrued interest. Therefore, the maximum exposure of Convertible Bonds II is expected to be the principal and the accrued interest amounting to HK$60,658,000.

34. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019, and 31 December 2020	180,000,000,000	1,800,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019, and 31 December 2020	4,262,867,050	42,629

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted an old share option scheme and terminated it pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011, and the Company adopted a new share options scheme at the same meeting. The purpose of both share option schemes is to enable the board of directors of the Company, at its discretion, to grant options to any eligible participants who include directors and employees as incentives or rewards for their contribution to the Group. Under both schemes, the directors of the Company may grant options to eligible participants, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Under the option scheme, a share option may be exercised in accordance with the terms of the scheme prior to the expiry of ten years from the date of acceptance. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The exercise price is determined by the directors of the Company, and is not less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options were granted and outstanding during the years ended 31 December 2020 and 2019.

36. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,500 or 5% of relevant salaries and allowances to the MPF Scheme, which contribution is matched by the employees.

The employees of the Group's subsidiary in Singapore are members of the Central Provident Fund Scheme ("**CPF Scheme**"), a state-managed retirement benefit scheme operated by the Singapore Government. The Group is required to contribute ranging from 13% to 17% of payroll costs to the Central Provident Fund Scheme to fund the benefit. The only obligation of the Group with respect of the Central Provident Fund Scheme is to make the specific contributions. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

The total expense recognised in profit or loss of approximately HK$2,356,000 (2019: HK$3,494,000) represents contributions payable to the MPF Scheme and CPF Scheme by the Group at rates specified in the rules of the plans in respect of the year ended 31 December 2020. As at 31 December 2020, contributions of HK$280,000 (2019: HK$840,000) due in respect of the respective year ended had not been paid over to the plans. The amounts were paid subsequent to the end of the reporting period.

37. PLEDGE OF OR RESTRICTIONS ON ASSETS

Pledge of assets

As at 31 December 2020 and 2019, detail of the banking facilities available to the Group and the corresponding pledge of assets are as follows:

(a) As at 31 December 2020, the net carrying amount of trade receivables from travel business in Singapore amounting to SG$1,678,000 (equivalent to approximately HK$9,835,000) (31 December 2019: SG$19,647,000 (equivalent to approximately HK$113,486,000)) and a life insurance policy surrender account receivable of US$745,000 (equivalent to approximately HK$5,785,000) (31 December 2019: deposit and prepayment for a life insurance policy of US$899,000 (equivalent to approximately HK$7,010,000)) have been pledged to a bank in Singapore by way of a floating charge.

The bank has provided the following banking facilities to a subsidiary of the Company in Singapore for travel business:

	2020		2019	
	Facility limit	Utilised amount	**Facility limit**	Utilised amount
	HK$'000	HK$'000	**HK$'000**	HK$'000
Accounts receivables financing and commercial card guarantee in an aggregate amount of approximately SG$5,600,000 (31 December 2019: SG$5,600,000), of which an amount of SG$4,170,000 (31 December 2019: SG$5,145,000) was utilised	**32,815**	24,437	**32,347**	29,718
Life insurance premium financing loan and term loan in an aggregate amount of approximately US$854,000 (31 December 2019: US$854,000), of which an amount of US$746,000 (31 December 2019: US$845,000) was utilised	**6,631**	5,796	**6,660**	6,592
	39,446	30,233	**39,007**	36,310

37. PLEDGE OF OR RESTRICTIONS ON ASSETS *(Continued)*

Pledge of assets *(Continued)*

(b) At 31 December 2019, a bank in Hong Kong had provided a shares overdraft facility to a subsidiary of the Company in Hong Kong for securities brokerage business in an aggregate amount of HK$10,000,000. No amount of the shares overdraft facility had been utilised and no securities had been pledged to the bank as at 31 December 2019. During the year ended 31 December 2020, the shares overdraft facility was terminated.

As at 31 December 2020, cash collateral placed by the Group and included in other receivables of approximately SG$670,000 (equivalent to approximately HK$3,926,000) (31 December 2019: SG$640,000 (equivalent to approximately HK$3,668,000)) was pledged for financial guarantees of SG$1,260,000 (equivalent to approximately HK$7,383,000) (31 December 2019: SG$3,216,000 (equivalent to approximately HK$18,574,000), given by insurance companies in favour of the Group's customers of the travel business as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom financial guarantees have been given, such customers may demand the respective insurance companies to pay to them the sum stipulated in such demand. The Group will become liable to compensate such insurance companies accordingly. The financial guarantees will be released upon completion of the contract works.

At the end of the reporting period, as represented by the management of the Group, they do not consider it is probable that a claim will be made against the Group.

Restrictions on assets

As at 31 December 2020, lease liabilities of HK$3,497,000 (31 December 2019: HK$12,183,000) are recognised with related carrying amounts of the right-of-use assets of HK$3,957,000 (31 December 2019: HK$12,589,000). The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

38. LOSS OF ASSETS ARISING FROM THE INCIDENTS

The Company received a letter (the "**Letter**") in December 2020 from Mr. Ma Chunlong ("**Mr. Ma**") purportedly written for and on behalf of Solution Apex Investments Limited ("**Solution Apex**") (a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability and a wholly-owned subsidiary of the Group), alleging, among other things, that (i) Mr. Ma was appointed as the sole director of Solution Apex on 1 December 2020; and (ii) Solution Apex had made three payments to three parties (the "**Purported Three Parties**") with the aggregate amount of HK$47,534,000 in July 2020 (the "**Purported Payments to the Purported Three Parties**"). The directors of the Company represented that neither the directors of the Company nor the Company had known or met Mr. Ma before the Company received the Letter. Also, in the opinion of the directors of the Company, the sole director of Solution Apex had been Mr. Allan Yap ("**Mr. Yap**") since 2014, and, the Company did not receive any notice from Mr. Yap about his bankruptcy; Mr. Yap was adjudged bankrupt by High Court of Hong Kong on 3 August 2020. The directors of the Company then enquired the directors of Durable Gold Investments Limited being Solution Apex's immediate holding Company, ("**Durable Gold**") (a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company), with the view to verifying the identity of and the matters alleged by Mr. Ma. The directors of the Company were notified, among other things, that (a) Mr. Yap had ceased to be the sole director of Solution Apex with effect from 1 December 2020; (b) Mr. Ma was allegedly appointed as the sole director of Solution Apex and was also appointed as a director of Durable Gold with effect from 1 December 2020; (c) the bank balance held by Solution Apex in the amount of approximately HK$47,534,000 was purportedly utilised for the Purported Payments to Purported Three Parties around July 2020; and (d) the remaining amount of approximately HK$11,231,000 (being the remaining bank balance of Solution Apex according to its financial information obtained by the directors of the Company) was withdrawn entirely in August 2020 (the "**Purportedly Unauthorised Cash Withdrawals**").

The directors of the Company represented that the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals (collectively referred to as the "**Incidents**") were carried out without authorisation from the board of directors of the Company. The directors of the Company had doubt on the validity and purposes of the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals. On 29 December 2020, the directors of the Company had resolved to, (a) remove Mr. Ma as the director of Solution Apex and Durable Gold with the immediate effect and replace the directorship by the Company's designated persons with its authorisation; (b) instruct external legal advisers to commence legal proceedings to seek to recoup the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damage and other remedies from individuals and entities against whom the Group may have causes of action as a result of the Incidents; (c) establish an internal investigation working team to investigate these incidents, and to oversee the progress of the actions to be carried out by the external legal advisers; (d) recognise a loss in respect of the Incidents of approximately HK$58,765,000 in its consolidated profit or loss for the year ended 31 December 2020; and (e) enter into an agreement with an independent third party (the "**Purchaser**") to dispose of the Company's entire shareholdings in Solution Apex at a cash consideration of HK$1 with an outcome sharing mechanism enabling the Company to retain any amount, recovering from the actions to be taken by the Purchaser against Mr. Yap, the Purported Three Parties or other individuals and entities involved in the Incidents, at a distribution ratio of 99% to the Company and 1% to the Purchaser, details of which are set out in the Company's announcement on 29 December 2020.

38. LOSS OF ASSETS ARISING FROM THE INCIDENTS *(Continued)*

Following the aforesaid announcement, the internal investigation working team recommended the audit committee of the Company to engage an independent professional firm (the "**Investigator**") to investigate the Incidents, including circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and the management involved in the Incidents. Up to the date of this report, the Investigator has not been able to carry out all the necessary procedures and work for the Investigation because certain documents and the other procedures, in particular, in connection with the investigation work on the circumstances and causes surrounding the Purported Payments to the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals has not yet obtained. The external legal advisers are still proceeding with the actions, in seeking to recoup the Purported Payments from the Purported Three Parties and the Purportedly Unauthorised Cash Withdrawals and/or to seek damages and other remedies from individuals and entities against whom the Group may have causes of action, and the outcome of these actions is still uncertain up to the date of this report.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 29, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium and reserves.

Several subsidiaries of the Company are licensed with Securities and Futures Commission of Hong Kong ("**SFC**"). The Group's licensed subsidiary is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("**SF(FR)R**") (Chapter 571N of the Laws of Hong Kong) adopted by the SFC. The management closely monitors, on a daily basis, the liquid capital level of those licensed subsidiaries to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues, share buy-backs or raising of new debt.

40. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
FVTPL		
Mandatorily measured at FVTPL	21,672	61,515
Financial assets at amortised cost	375,430	625,535
	397,102	687,050
Financial liabilities		
Lease liabilities	3,497	12,183
Financial liabilities at amortised cost	243,663	275,841
	247,160	288,024

b. Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk

(i) *Currency risk*

Certain subsidiaries of the Group have pledged bank deposits, bank balances and a deposit for a life insurance policy denominated in foreign currencies, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets	
	2020	2019
	HK$'000	HK$'000
US$	**62**	4,923
AUD	**41**	174
NZD	**25**	76
RMB	**25**	19

	Liabilities	
	2020	2019
	HK$'000	HK$'000
US$	**5,796**	6,592
RMB	**–**	6

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in the functional currencies of each group entity against the above foreign currencies. 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items other than the items denominated in US$ as the directors consider that the Group's exposure to US$ is insignificant on the ground that HK$ is pegged to US$ in view of the insignificant amount involved. A positive number below indicates an increase in post-tax loss were the functional currency of each group entity to strengthen 5% (2019: 5%) against the relevant currencies. For a 5% (2019: 5%) weakening of functional currency of each group entity against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

***Market risk** (Continued)*

(i) Currency risk (Continued)

	2020 HK$'000	2019 HK$'000
US$	**(287)**	(83)
AUD	**2**	9
NZD	**1**	4
RMB	**1**	1

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate deposit for a life insurance policy (note 22), bank balances (note 25) and bank borrowings (note 29). The Group's cash flow interest rate results mainly from the fluctuations of market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables (note 21), lease liabilities (note 31) and other borrowing (note 30). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2020 HK$'000	2019 HK$'000
Interest revenue		
Financial assets at amortised cost	**36,100**	33,703
Other income		
Financial assets at amortised cost	**1,107**	3,618
Total interest income	**37,207**	37,321

Interest expense on financial liabilities not measured at FVTPL:

	2020 HK$'000	2019 HK$'000
Financial liabilities at amortised cost	**17,616**	14,919

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates on deposit for a life insurance policy, pledged bank deposits, bank balances and bank borrowings. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates on deposit for a life insurance policy, pledged bank deposits and bank balances had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would decrease by approximately HK$60,000 (2019: decrease by approximately HK$79,000). If interest rates on bank borrowings had been 50 basis points higher and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would increase by approximately HK$151,000 (2019: increase by approximately HK$180,000). The management does not expect a significant decrease of interest rate.

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks management
The Group is exposed to equity and other price risks through its investments in listed equity securities measured at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated in listed equity securities quoted in open markets.

Sensitivity analysis
The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% (2019: 10%) higher/lower, the post-tax loss for the year ended 31 December 2020 would decrease/increase by HK$1,810,000 (2019: HK$5,136,000) as a result of the changes in fair value of financial assets at fair value through profit or loss.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group applies simplified approach to measure ECL on trade receivables from travel business; and general approach to measure ECL on loan receivables and loan interest receivables, deposit for a life insurance policy, pledged bank deposits, bank trust account balances and bank balances. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, the Group applies the "3-stage" impairment model for ECL measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECL for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECL whereas the ECL for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECL.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effect. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

Trade receivables from travel business

For trade receivables from travel business, the Group monitors the aging of the receivable balances. The Group applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due. Follow up action is taken in case of overdue balances. In addition, management assesses the collectability of the receivables regularly and on a case-by-case basis for the determination of any loss allowance for the receivables by taking into account the customers' or debtors' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as current market conditions.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Trade receivables from travel business (Continued)

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified forecast economic conditions to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 2 years past due.

The Group determines the expected credit loss rate for trade receivables from travel business using the following provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

As at 31 December 2020 and 2019, the loss allowance for trade receivables from travel business was determined as follows. The expected credit losses below also incorporated forward looking information.

	Current (not past due)	1 to 3 months past due	4 to 9 months past due	Over 9 months and 1 year past due	Total
31 December 2020					
Gross carrying amount (HK$'000)	4,840	1,329	12,930	120,786	139,885
Expected credit loss rate	–	12.6%	71.5%	99.8%	93.0%
Accumulated loss allowance (HK$'000)	–	(167)	(9,243)	(120,640)	(130,050)
31 December 2019					
Gross carrying amount (HK$'000)	45,758	54,865	18,862	30,082	149,567
Expected credit loss rate	–	9.2%	32.5%	82.7%	24.1%
Accumulated loss allowance (HK$'000)	–	(5,066)	(6,135)	(24,880)	(36,081)

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

***Credit risk and impairment assessment** (Continued)*

Trade receivables from travel business (Continued)

The significant increase in loss allowance of ECL was due to the COVID-19 pandemic and slow global and local economy in Singapore.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Loan receivables and loan interest receivables

For loan receivables and loan interest receivables, of which the net carrying amount of HK$179,850,000 (2019: HK$188,177,000) being unsecured or unguaranteed, and HK$66,130,000 (2019: HK$111,026,000) were secured or guaranteed by the borrowers, the impairment of loan receivables and loan interest receivables is assessed on 12m ECL basis when there had been no significant increase in credit risk since initial recognition. However, when there has been a significant increase in credit risk since origination, the allowances will be based on the lifetime ECL.

	12-month ECL (Stage 1)	Lifetime ECL (Stage 2)	Lifetime ECL – credit impaired (Stage 3)	Total
31 December 2020				
Gross carrying amount (HK$'000)	153,379	94,686	83,301	331,366
Expected credit loss rate	4.4%	38.5%	50.5%	25.8%
Accumulated loss allowance (HK$'000)	(6,799)	(36,493)	(42,094)	(85,386)
Net carrying amount (HK$'000)	146,580	58,193	41,207	245,980
31 December 2019				
Gross carrying amount (HK$'000)	230,083	95,186	–	325,269
Expected credit loss rate	1.7%	23.2%	N/A	8%
Accumulated loss allowance (HK$'000)	(3,946)	(22,120)	–	(26,066)
Net carrying amount (HK$'000)	226,137	73,066	–	299,203

In respect of its loan receivables and interest receivables, the net carrying amount of loan receivables after the accumulated loss allowance of ECL is HK$245,980,000 (2019: HK$299,203,000) as at 31 December 2020. The Group has concentration of credit risk as approximately 54.7% (2019: 54.1%) of the total loan receivables as at 31 December 2020 was due from three (2019: three) borrowers. The aggregate gross amount due from these three borrowers amounted to HK$181,309,000 as at 31 December 2020 (2019: HK$176,036,000), which is neither past due nor impaired. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Accounts receivables from brokerage business, trade receivables from asset management business and corporate finance advisory business (included in trade and other receivables)

For accounts receivables from brokerage business, trade receivables from futures contract, brokers receivables, asset management business and corporate finance advisory business the Group's credit risk exposure is spread over a number of customers. Accordingly, the Group has no significant concentration of credit risk on a single customer in this respect. The management performs periodic evaluations and customer reviews to ensure the Group's exposure to bad debts is not significant. The experience in the collection of accounts receivables falls within the expectation of the directors. In respect of amounts due from clients of the brokerage business, asset management business and corporate finance advisory business, individual credit evaluations are performed on all clients (including cash and margin clients). Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the short settlement period involved, credit risk arising from the amounts due from cash clients is considered low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

To reduce credit risk, the Group requests collateral from individual margin client and the value of such collateral has to be maintained at certain level in proportion to the outstanding balance due from the margin client ("**collateral ratio**"). In addition, the Group has formulated certain credit policy procedures for monitoring trading activities and level of securities collateral of margin clients in particular for those margin clients whose collateral ratio has reached alarming level. The Group has also implemented procedures for monitoring the value of the securities collaterals, including assessing the quality and liquidity of the securities collaterals, closely monitoring the volatility of the market prices of the securities collateral taking into consideration of their current market prices and historical price movements, latest information and news of the related listed companies and other relevant factors regarding the financial market that may have impact on the market prices of the securities collateral. As at 31 December 2020, in the opinion of the director of the Company, the Group's collateral fair value of collaterals is sufficient to mitigate the credit risk in margin financing.

The credit risk of trade receivables from the clearing house is considered to be minimal. Hence, no allowance for impairment was made since the directors of the Company consider the probability of default is minimal after assessing the clients' financial background and creditability.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Deposit for a life insurance policy
The management considers the credit risk on deposit for a life insurance policy is limited as the insurer is an international insurance company with good reputation and credit ratings.

Other receivables
For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and assessed that the expected loss rate for the other receivables was immaterial. Thus no loss allowance for other receivables was recognised as at 31 December 2020 and 2019.

Pledged bank deposits, bank trust account balances and bank balances
The management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk. Majority of bank balances are deposited with reputable banks. The Group has not incurred significant loss from non-performance by these parties in the past and the management does not expect so in the future.

Liquidity risk and the basis for preparation on a going concern basis

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major lenders to meet its liquidity requirements in the short and longer term.

For the year ended 31 December 2020, the Group incurred a loss of approximately HK$267,084,000. The Group's bank balances and cash as at 31 December 2020 amounted to approximately HK$28,721,000 as compared to the Group's bank and other borrowings and convertible bonds of approximately HK$190,891,000, all of which are repayable within the next twelve months from the end of the reporting period.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity, operating performance of the Group and its available sources of financing, and are of the opinion that the cash flow generated from operating activities and certain appropriate financing-activities of the Group will be able to meet the funding needs of operations and repay the outstanding interest bearing borrowings. In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

i. taking active measures to collect loan receivables to improve operating cash flows and its financial position;

ii. negotiating with respective lenders to renew and extend the existing borrowings upon their maturities, of which one of the borrowings amounting to HK$100,000,000 with a personal guarantee given by a director of the Company to the lender to secure the repayment of the Group's borrowings (as details in note 30);

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk and the basis for preparation on a going concern basis (Continued)

iii. reviewing its investments and actively considering to realise certain financial assets at fair value through profit or loss, in order to enhance the cash flow position of the Group whenever it is necessary; and

iv. implementing an active cost-saving measures to control administrative costs through various ways to improve operating cash flows at a level sufficient to finance the working capital requirements of the Group; and

The directors of the Company have carried out detail review on the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan finance which may impact the operations of the Group during the next twelve-month period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

40. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity table

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2020								
Trade and other payables	–	52,772	–	–	–	–	52,772	52,772
Bank borrowings – variable rate	3.86	31,226	–	–	–	–	31,226	30,233
Other borrowings – fixed rate	8.00	745	1,227	105,611	–	–	107,583	100,000
Lease liabilities	5.68	767	1,743	264	894	–	3,668	3,497
Convertible bonds	8	60,658	–	–	–	–	60,658	60,658
		146,168	2,970	105,875	894	–	255,907	247,160
At 31 December 2019								
Trade and other payables	–	61,802	–	–	–	–	61,802	61,802
Bank borrowings – variable rate	3.86	37,174	–	–	–	–	37,174	35,981
Other borrowings – fixed rate	8.00	680	1,315	100,964	–	–	102,959	100,000
Lease liabilities	5.68	763	1,527	6,871	3,421	206	12,788	12,183
Convertible bonds	11.12	–	–	86,400	–	–	86,400	78,058
		100,419	2,842	194,235	3,421	206	301,123	288,024

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2020 and 2019, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK$31,226,000 and HK$37,174,000 respectively.

As at 31 December 2020, there was a technical breach of a loan covenant in the banking facility letter that primarily related to a prescribed amount of the net tangible assets requirement in a subsidiary of the Group. The bank borrowings of approximately SG$4,170,000 (equivalent to approximately HK$24,437,000) are guaranteed by the Company and the entire bank borrowings have been classified as current liabilities relevant at the end of the reporting period. The Company formally reached an agreement with the bank in March 2021 in repaying the outstanding bank borrowings and the accrued interest payable (after deducting the surrender value of US$745,000 (equivalent to HK$5,785,000) of the life insurance policy (note 22) in January 2021), in which (i) 10% of the outstanding balance of SG$504,000 (equivalent to HK$2,961,000) was paid in January 2021, (ii) a portion of the outstanding balance of SG$214,000 (equivalent to HK$1,253,000) was paid in February 2021, and (iii) the remaining outstanding balance of SG$3,487,000 (equivalent to HK$20,433,000) together with the accrued and unpaid interest thereon will be paid by 17 equal monthly instalments commencing in March 2021.

As at 31 December 2019, taking into account the Group's financial position, the directors do not believe that it was probable that the bank would exercise their discretionary rights to demand immediate repayment of the bank borrowings. The directors believed that such bank borrowings would be repaid after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

40. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value measurement of financial instruments

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

– Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

– Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

– Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial asset/liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)
	31 December 2020 HK$'000	31 December 2019 HK$'000			
Listed equity securities classified as financial assets at fair value through profit or loss	**21,672**	61,515	Level 1	Quoted bid prices in an active market	N/A
Convertible Bonds II – embedded derivative components	**58,740**	–	Level 3	Binomial Option Pricing Model	Details set out in note 33

The fair value of derivative components embedded in Convertible Bonds II is determined using Binomial Option Pricing Mode and the significant unobservable inputs used in the fair value measurement are disclosed in note 33. Generally, a change in the Company's share price is accompanied by a directionally similar change to the fair value measurement whilst a change in the volatility of 5% and risk-free rate of 5% is accompanied by a directionally opposite change to the fair value of HK$10,000.

There were no transfers among Level 1 and 2 during the year.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of other financial assets and financial liabilities excluding financial assets at fair value through profit or loss are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

40. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated financial position.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Group has a legally enforceable right to set off the money obligation receivable and payable with HKSCC on the same settlement date and the Group intends to set off on a net basis.

In addition, the Group has a legally enforceable right to set off the accounts receivable and payable with brokerage clients that are due to be settled on the same date and the Group intends to settle these balances on a net basis.

Except for balances which are due to be settled on the same date which is being offset, amounts due from/to HKSCC and brokerage clients that are not to be settled on the same date, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 December 2020

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial Instruments	Collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable from clients and clearing house	310,002	(244,035)	65,967	–	–	65,967
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payable clients, brokers and clearing house	259,477	(244,035)	15,442	–	–	15,442
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

Notes to the Consolidated Financial Statements

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40. FINANCIAL INSTRUMENTS *(Continued)*

d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

As at 31 December 2019

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets after impairment	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial Instruments	Collateral received	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets						
Accounts receivable from clients, brokers, dealers and clearing house	304,170	(227,920)	76,250	–	–	76,250
Deposits placed with clearing house	230	–	230	–	–	230
Advances to customers in margin financing	–	–	–	–	–	–
Financial liabilities						
Accounts payable clients and clearing house	256,400	(227,920)	28,480	–	–	28,480
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings Note 29 HK$'000	Convertible bonds Note 33 HK$'000	Other borrowing Note 30 HK$'000	Lease liabilities Note 31 HK$'000	Interest payables Note 27 HK$'000	Total HK$'000
At 1 January 2019	14,562	76,009	–	12,472	859	103,902
New lease entered	–	–	–	6,908	–	6,908
Net financing cash flows	21,222	–	100,000	(7,236)	(12,212)	101,774
Interest expenses	–	2,049	–	–	12,870	14,919
Exchange adjustments	197	–	–	39	–	236
At 31 December 2019	35,981	78,058	100,000	12,183	1,517	227,739
Recognition of Convertible Bonds II	–	60,000	–	–	–	60,000
Derecognition of Convertible Bonds I	–	(60,000)	–	–	–	(60,000)
Net financing cash flows	(6,130)	(25,541)	–	(8,724)	(10,334)	(50,729)
Interest expenses	–	8,141	–	–	9,475	17,616
Exchange adjustments	382	–	–	38	–	420
At 31 December 2020	30,233	60,658	100,000	3,497	658	195,046

42. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

(a) The remuneration of directors and other members of key management during the year was as follows:

	2020 HK$'000	2019 HK$'000
Short-term employee benefits	**11,612**	10,143
Post-employment benefits	**72**	72
	11,684	10,215

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(b) During the year, the Group entered into the following transactions with related parties:

		2020 HK$'000	2019 HK$'000
Related companies (note 1)	Secretarial fee and other office expenses	**98**	205
	Rental income	**5,026**	5,026
	Brokerage commission income and other service charge income	**4**	6
	Advisory fee income from corporate finance	**150**	–
Subsidiaries of a substantial shareholder of the Company (note 2)	Lease payments	**2,983**	2,983
	Brokerage commission income and other service charge income	**105**	149

Notes:

1. Mr. Mung Hon Ting, Jackie, a close family member of Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan, both of them are directors and shareholders of the Company, and Mr. Mung Kin Keung have beneficial interests in the related companies.

2. These companies are wholly-owned subsidiaries of Eternity Investment Limited, a company incorporated in Bermuda with limited liability and with its shares listed on the Main Board of the Stock Exchange. Eternity Investment Limited is a substantial shareholder with significant influence over the Company.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation	Issued and paid up capital	Proportion ownership interest held by the Company				Proportion of voting power held by the Company				Principal activities/ place of operation
			Direct		Indirect		Direct		Indirect		
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %	
Durable Gold Investments Limited	British Virgin Islands	Ordinary US$1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Famous Flamingo Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/Hong Kong
Global Mastermind Asset Management Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Asset management business/Hong Kong (note 1)
Global Mastermind Futures Limited	Hong Kong	Ordinary HK$10,000,000	–	–	100	100	–	–	100	100	Dealing in futures business/Hong Kong (note 2)
Global Mastermind Financial Services Limited	Hong Kong	Ordinary HK$1	–	–	100	100	–	–	100	100	Money lending business/Hong Kong
Global Mastermind Hong Kong Limited	Hong Kong	Ordinary HK$1	100	100	–	–	100	100	–	–	Investment holding/ Hong Kong
Global Mastermind Investment Limited	Hong Kong	Ordinary HK$8,000,000	–	–	100	100	–	–	100	100	Asset management services/Hong Kong
Global Mastermind Securities Limited	Hong Kong	Ordinary HK$100,000,000	–	–	100	100	–	–	100	100	Dealing in securities and advising on securities business; and providing financial advisory services/Hong Kong
Harvest Well International Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Investment holding/ Hong Kong
Hope Master Investments Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Property holding/Hong Kong
Jade Emperor International Limited	British Virgin Islands	Ordinary US$1	–	–	100	100	–	–	100	100	Investment holding/ Hong Kong
Long Joy Investments Limited	British Virgin Islands	Ordinary US$1	100	100	–	–	100	100	–	–	Treasury management/ Hong Kong
Safe2Travel Pte Ltd.	Singapore	Ordinary SG$9,981,000	–	–	100	100	–	–	100	100	Licensed travel agent/ Singapore
Trasy Holdings Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Management services/ Hong Kong
United Goldnet Limited	Hong Kong	Ordinary HK$2	–	–	100	100	–	–	100	100	Treasury management and securities trading/Hong Kong

Notes:

1. The licence of asset management (Type 9 regulated activity under SFO) of Global Mastermind Asset Management Limited has been revoked on 16 November 2020.

2. The licence of dealing in futures contracts (Type 2 regulated activity under SFO) of Global Mastermind Futures Limited has been revoked on 16 November 2020.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

The above table listed the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

44. FINANCIAL INFORMATION OF THE COMPANY

The information about the statement of financial position of the Company at the end of reporting period is as follows:

	Notes	**2020 HK$'000**	2019 HK$'000
Non-current assets			
Property, plant and equipment		**8**	–
Interests in subsidiaries	(a) and (e)	**24,511**	23,375
Amounts due from subsidiaries	(c)	**119,934**	368,784
		144,453	392,159
Current assets			
Other receivables		**275**	276
Amounts due from subsidiaries	(d)	**255,022**	359,512
Bank balances and cash		**1,021**	736
		256,318	360,524
Current liabilities			
Other payables		**1,737**	1,378
Interest payable		**658**	1,517
Convertible bonds		**60,658**	78,058
Other borrowing		**100,000**	100,000
		163,053	180,953
Net current assets		**93,265**	179,571
Total assets less current liabilities		**237,718**	571,730
Net assets		**237,718**	571,730
Capital and reserves			
Share capital	36	**42,629**	42,629
Share premium and reserves	(b)	**195,089**	529,101
		237,718	571,730

44. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Notes:

(a) The interest in subsidiaries represents the unlisted share measured at cost less impairment loss recognised.

(b) Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	920,537	32,589	4,108	(414,001)	543,233
Loss for the year	–	–	–	(14,132)	(14,132)
At 31 December 2019 and 1 January 2020	920,537	32,589	4,108	(428,133)	529,101
Loss for the year	–	–	–	(334,012)	(334,012)
Derecognition of equity component of convertible bonds	–	–	(4,108)	4,108	–
At 31 December 2020	920,537	32,589	–	(758,037)	195,089

The distributable reserves of the Company are amounted to HK$195,089,000 (2019: HK$524,993,000).

Note: The capital reserve represented the credit arising from the capital reduction effected by the Company during the year ended 31 December 2009.

(c) The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and repayable on demand. In the opinion of the directors of the Company, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repayable within one year from the end of the reporting period, accordingly these amounts are classified as non-current.

(d) The amounts due from subsidiaries classified under current assets are unsecured, interest-free and repayable on demand. The directors expect these amounts will be repaid within twelve months from the end of the reporting period, accordingly, these amounts are classified as current.

(e) The amounts due from subsidiaries are discounted at an effective interest rate of 5.50% per annum, representing the borrowing rates of the relevant subsidiaries, with corresponding adjustments of HK$24,511,000 (2019: HK$23,375,000) debited to investments in subsidiaries as deemed contribution to those subsidiaries.

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45. EVENTS AFTER THE REPORTING PERIOD

(i) On 12 March 2021, the Board proposed to implement the share consolidation (the "Share Consolidation") by consolidating every ten existing issued and unissued ordinary shares of HK$0.01 each in the share capital of the Company into one ordinary share of HK$0.10 each of the Company (a "Consolidated Share"). The implementation of the Share Consolidation is conditional upon (i) the passing of an ordinary resolution by the shareholders of the Company to approve the Share Consolidation at the extraordinary general meeting of the Company to be held on 12 April 2021, (ii) the GEM listing sub-committee of the board of directors of the Stock Exchange granting the approval for listing of, and permission to deal in, the Consolidated Shares, and (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

(ii) On 26 March 2021, Harvest Well International Limited ("Harvest Well"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Universal Advisory Pte Ltd ("Universal Advisory"), a company wholly owned by Mr. Fung Chung Yuen Steve who is a director and the chief executive officer of Safe2Travel, pursuant to which Harvest Well agreed to sell and Universal Advisory agreed to purchase 49% of the issued share capital of Safe2Travel (the "Disposal"). The consideration for the Disposal is based on the audited net assets of Safe2Travel as at 31 December 2020. Based on the unaudited management accounts of Safe2Travel and on the basis of the unaudited net assets of the Target Company as at 31 December 2020 of SG$220,000 (equivalent to HK$1,276,000), the consideration is currently estimated to be SG$108,000 (equivalent to HK$626,000), which shall be paid by Universal Advisory to Harvest Well in cash within ten business days after finalising the audited financial statements of Safe2Travel for the year ended 31 December 2020 (the "2020 Audited Accounts"). Completion is subject to the finalisation of the 2020 Audited Accounts. Details of which are set out in the Company's announcement dated 26 March 2021.