China Finance Investment Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 875)

ANNUAL REPORT 2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors
Ms. DIAO Hong *(retired on 14 June 2019)*
Ms. DIAO Jing
Mr. LIN Yupa *(appointed on 18 April 2019)*

Non-executive director
Mr. LIN Yuhao *(Chairman)*

Independent non-executive directors
Mr. LI Shaohua
Ms. ZHU Rouxiang
Ms. LI Yang

AUDIT COMMITTEE
Ms. LI Yang *(Committee Chairlady)*
Mr. LI Shaohua
Ms. ZHU Rouxiang

REMUNERATION COMMITTEE
Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Jing
Mr. LI Shaohua
Ms. LI Yang

NOMINATION COMMITTEE
Ms. ZHU Rouxiang *(Committee Chairlady)*
Ms. DIAO Hong *(retired on 14 June 2019)*
Mr. LIN Yuhao
Mr. LI Shaohua
Ms. LI Yang

AUTHORISED REPRESENTATIVES
Ms. DIAO Jing
Mr. LIN Yuhao

COMPANY SECRETARY
Mr. Au Yeung Ming Yin, Gordon
(appointed on 10 May 2019)
Ms. YEUNG Man Wah *(resigned on 10 May 2019)*

REGISTERED OFFICE
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31 Victoria Street
Hamilton HM 10
Bermuda

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Ocean Centre
Harbour City
5 Canton Road
Tsim Sha Tsui
Kowloon, Hong Kong

AUDITOR
McMillan Woods (Hong Kong) CPA Limited

LEGAL ADVISOR
P.C. Woo & Co.
(as to Hong Kong laws)

PRINCIPAL SHARE REGISTRAR
Estera Services (Bermuda) Limited
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE LISTING
The Stock Exchange of Hong Kong Limited
Stock Code: 875

CORPORATE WEBSITE
http://www.cfih.hk

INVESTOR RELATIONS
Email: ir@cfih.hk

Shareholders may send their request to receive the annual report by notice in writing to the head office of the Company or by sending an email to ir@cfih.hk.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Finance Investment Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to present you with the annual results of the Group for the year ended 31 December 2019.

During the year ended 31 December 2019 (the "Reporting Period"), the Group recorded a turnover of approximately HK$311.4 million, an increase of 76.7% from HK$176.2 million (re-presented) for the year ended 31 December 2018 (the "Corresponding Period"). The Group recorded a gross profit of approximately HK$11.6 million as compared with a gross profit of approximately HK$51.1 million for the Corresponding Period. The increase in turnover was mainly due to increase in revenue from agriculture business as a results of adjusting strategies of selling agricultural produce since the Corresponding Period. The decrease of the profitability was mainly attributable to the increase in production costs and general decrease in unit selling price of vegetables in the agricultural business.

In order to expand the agricultural business, in late 2018, the Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in the PRC for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group.

Meanwhile, the Company currently intends to search and lease a new farmland in Guangdong to expand our agricultural business.

The Company considers Guangdong is a desirable location for expansion of its production base as the climate is comparatively moderate and it allows year-round cultivation for agricultural produces.

Looking ahead, the Group will continue to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new line of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

Finally, on behalf of the Board, I would like to extend our sincere gratitude to the Group's shareholders, customers and business partners for their continuous support and to our management and staff for their diligence, dedication and contribution throughout the past year.

LIN Yuhao
Chairman

27 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in (i) growing and trading of agricultural produce ("Agricultural Business"); (ii) provision of money lending services ("Money Lending Business"); and (iii) securities trading and brokerage services during the Reporting Period.

Agriculture Business

Due to (i) fierce competition in the agricultural market and the general decreasing trend in average selling price of vegetables; (ii) increase in production costs; and (iii) the worsening soil condition of certain farmlands, profitability of the Group's Agricultural Business has been affected. To place viability as its top priority, the Group decisively adjusted its strategies by minimising inventory level, promoting sales at competitive prices and increasing liquidity. As a result, during the Reporting Period, the turnover of the Agricultural Business segment increased by approximately 140.7% to approximately HK$284.2 million from approximately HK$118.1 million for the Corresponding Period. Given the margin squeeze, the rise in turnover co-existed with the decrease in gross profit margin. During the Reporting Period, the Agricultural Business segment recorded a gross loss of approximately HK$14.2 million (31 December 2018: gross profit of HK$4.3 million).

In the second quarter of 2018, the management decided to focus on new agricultural products with high potential for development. On 9 July 2018, the Group signed a framework cooperation agreement with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所), pursuant to the framework cooperation agreement, the Company would collaborate with Guangdong Academy of Agricultural Sciences* (廣東省農業科學院作物研究所) to conduct the research and development of growing medicinal value crop such as Dendrobium officinale Kimura et Migo* (鐵皮石斛).

After years of cultivation, soil quality has seriously declined because of the previous cultivation methods and the use of chemical fertilisers, which prevent the land from regenerating. Therefore, the Company currently intends to search and lease a new farmland in Guangdong to expand our agricultural business.

The Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in the People's Republic of China (the "PRC") for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group.

Looking ahead, the Group will continue to control the costs, utilise the existing resources and collaborate with research institutes in Mainland China to further strengthen the agricultural products with high potential for development, or through acquisitions when opportunities arise.

Money Lending Business

Following the completion of the acquisition of Shenzhen Taihengfeng Technology Company Limited# and its subsidiaries (the "Taihengfeng Group") in November 2016, the Group expanded into the micro finance business sector in Shenzhen, the PRC through the provision of personal loans and corporate loans services. Given increasingly stringent conventional bank lending requirements, licensed and non-bank money lenders, like the Taihengfeng Group (acting as offline non-bank money lenders) or other Peer to Peer ("P2P") internet-based lending platforms in the PRC. The Regulation and Rectification of the "Cash Loan" business (i.e. Circular 141); Notice on Review of the Rectification Measures by P2P Lending Intermediaries to Improve Lending Risks (i.e. Circular 57) took place in December 2017 and Remediation Officer Letter 2018 No.175 (together, the "Relevant Online Lending Regulations") became effective in December 2018. On 1 March 2019, Shenzhen Internet Finance Association issued a notice for the consultation of guidelines for the exit of the internet finance industry under the category of P2P internet lending companies which drove P2P platforms to shrink dramatically after such regulatory and industry reform.

Apparently, such crackdown of the P2P platforms means a reduction in financing channels for small and medium-sized enterprises (SMEs), which led to a restructuring of the money lending industry in the PRC.

As the Relevant Online Lending Regulations became effective in December 2018, the Money Lending Business of the Group was impacted during the Reporting Period.

During the Reporting Period, loan interest income and gross profit under Money Lending Business amounted to approximately HK$25.7 million (2018: HK$39.1 million) and HK$25.7 million (2018: HK$39.1 million) respectively. Outstanding loan principal and interest receivables amounted to approximately HK$225.3 million (2018: HK$293.1 million). The average interest rate charged on the loans is 12.5% per annum. No material default event occurred as at 31 December 2019 but a provision of approximately HK$3.3 million for the loss allowance for loan receivables was considered necessary upon the application of HKFRS 9 by the Group effective from 1 January 2018 during the Reporting Period (2018: HK$35.5 million). An impairment loss of goodwill of approximately HK$15.8 million (2018: HK$35 million) was recognised during the Reporting Period given the worsening business environment of micro-finance business in the PRC. Details of the impairment testing are disclosed in note 18 to the consolidate financial statements.

The Company has engaged McMillan Woods Corporate Service Limited ("McMillan Woods Corporate") as the internal control consultant, to perform an independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the Money Lending Business in PRC and Hong Kong. The audit committee of the Company (the "Audit Committee") and the board (the "Board") of directors (the "Directors") of the Company, having discussed with McMillan Woods Corporate and reviewed the internal control review report compiled by McMillan Woods Corporate, were reasonably satisfied that no material deficiencies or inadequacies existed or identified during the Reporting Period.

Having assessed the potential impact to the Group and the money lending industry in the PRC, the Group has adopted a more conservative strategy with regards to the Money Lending Business. The Group has narrowed its target customers normally to borrowers with better risk profiles, the Company thus, was able to lower its interest rates in order to establish long-term business relationship with customers since 2018. As a result, average interest rate charged for the borrowers declined in 2019 to 12.5% from 13.83% in 2018.

In the coming year, the Group projects the performance of Money Lending Business segment both in the PRC and Hong Kong to worsen due to the uncertain economic environment and policy in the PRC. The Group may consider obtaining bank loans or other financing opportunities by prudent credit control procedures and strategies to balance between business growth and risk management.

Securities Brokerage Business

In 2017, having considered that there is no clear potential for material improvement on the performance of the securities brokerage services ("Securities Brokerage Business") under the operation scale, the Group believed that the disposal of the Securities Brokerage Business (the "Disposal") represented a good opportunity for the Group to improve its overall returns and would provide a greater value to the shareholders of the Company by focusing its resources on other profitable business segments.

As such, on 25 May 2017, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, pursuant to which the Group has conditionally agreed to sell the Securities Brokerage Business at the consideration of net asset value of the Securities Brokerage Business as at the date of the Agreement plus HK$12 million.

On 20 October 2017, the Group entered into a supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 3 months to a date falling on the expiration of 9 months from the date of the Agreement.

On 22 February 2018, the Group entered into a second supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 11 months from the date of the Agreement.

On 24 April 2018, the Group entered into a third supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 12 months from the date of the Agreement.

On 25 May 2018, the Group entered into a fourth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 14 months from the date of the Agreement.

On 24 July 2018, the Group entered into a fifth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 16 months from the date of the Agreement.

On 24 September 2018, the Group entered into a sixth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 18 months from the date of the Agreement.

On 23 November 2018, the Group entered into a seventh supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 19 months from the date of the Agreement.

On 24 December 2018, the Group entered into an eighth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 2 months to a date falling on the expiration of 21 months from the date of the Agreement.

On 25 February 2019, the Group entered into a ninth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 22 months from the date of the Agreement.

On 25 March 2019, the Group entered into a tenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 23 months from the date of the Agreement.

On 25 April 2019, the Group entered into a eleventh supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 24 months from the date of the Agreement.

On 24 May 2019, the Group entered into a twelfth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 25 months from the date of the Agreement.

On 24 June 2019, the Group entered into a thirteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 26 months from the date of the Agreement.

On 24 July 2019, the Group entered into a fourteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 27 months from the date of the Agreement.

On 23 August 2019, the Group entered into a fifteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 28 months from the date of the Agreement.

On 24 September 2019, the Group entered into a sixteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 29 months from the date of the Agreement.

On 24 October 2019, the Group entered into a seventeenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 30 months from the date of the Agreement.

On 25 November 2019, the Group entered into a eighteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 31 months from the date of the Agreement.

On 24 December 2019, the Group entered into a nineteenth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 32 months from the date of the Agreement.

On 23 January 2020, the Group entered into a twentieth supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 1 month to a date falling on the expiration of 33 months from the date of the Agreement.

On 24 February 2020, the Group entered into a twenty-first supplemental deed whereby the parties have agreed to extend the date for fulfillment of the conditions precedent set out in the Agreement for a further 3 months to a date falling on the expiration of 36 months from the date of the Agreement.

Further details of the above were made in the announcements of the Company dated 25 May 2017, 31 May 2017, 20 October 2017, 22 February 2018, 24 April 2018, 25 May 2018, 24 July 2018, 24 September 2018, 23 November 2018, 24 December 2018, 25 February 2019, 25 March 2019, 25 April 2019, 24 May 2019, 24 June 2019, 24 July 2019, 23 August 2019, 24 September 2019, 24 October 2019, 25 November 2019, 24 December 2019, 23 January 2020 and 24 February 2020.

During the Reporting Period, the Securities Brokerage Business generated revenue and loss before taxation of approximately HK$1.4 million (2018: HK$19.0 million) and approximately HK$11.0 million (2018: profit of HK$3.1 million) respectively. The decrease in revenue was mainly due to less commission earned from security trading of clients during the Reporting Period. As at 31 December 2019, the Company is expected to record a gain on disposal in the amount of approximately HK$11.9 million.

Investment in Internet Finance Business in Mainland China

The Group owns 25% equity interest in Shenzhen Qianhai Gelin Internet Financial Services Company Limited# (the "GLQH"), which is engaged in internet finance business in Mainland China.

During the Reporting Period, GLQH recorded revenue of approximately HK$60,000 (2018: HK$2.9 million) and net loss of approximately HK$2.5 million (2018: HK$179 million).

Relevant Online Lending Regulations became effective on 18 December 2018, the Group was impacted by the new regulations, and the Group expected that the internet finance business in the PRC will shrink essentially.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a turnover of approximately HK$311.4 million, an increase of approximately 76.7% from approximately HK$176.2 million (re-presented) for the Corresponding Period. The Group recorded a gross profit of approximately HK$11.6 million as compared with approximately HK$51.2 million for the Corresponding Period. The increase in turnover was mainly due to increase in revenue from Agriculture Business during the Reporting Period as explained above. The decrease of the profitability was mainly attributable to the increase in the production costs and decrease in general selling price of vegetables in the Agricultural Business, less loan interest income from Money Lending Business, and less commission earned from Securities Brokerage Business.

Administrative expenses slightly decreased by approximately HK$0.1 million to HK$54.7 million (2018: HK$54.8 million). Selling and distribution expenses decreased by approximately HK$26.6 million to approximately HK$2.2 million (2018: HK$28.8 million). Such decrease was mainly attributable to decrease of approximately HK$16.9 million in delivery and freight expenses and approximately HK$7.9 million in packaging expenses.

Other operating expenses decreased from approximately HK$64.9 million to approximately HK$32.8 million. Such significant decrease in the other operating expenses was mainly attributable to (i) reduction in impairment loss of goodwill in relation to the acquisition of micro finance business in China by approximately HK$19.2 million to HK$15.8 million (2018: HK$35.0 million); (ii) reduction in impairment loss of loan receivables by approximately HK$8.5 million to Nil (2018: HK$8.5 million); and (iii) less exchange loss attributable to depreciation of Renminbi ("RMB") by approximately HK$9.8 million to HK$11.6 million (2018: HK$21.4 million) during the Reporting Period as compared to the Corresponding Period.

The net loss of the Group for the Reporting Period was approximately HK$59.6 million as compared to a net loss of approximately HK$158.6 million for the Corresponding Period. Such decrease in loss for the Reporting Period was mainly due to significant decrease in selling and distribution expenses, finance costs and other operating expenses as explained above and no share of loss from GLQH (2018: share of loss HK$44.1 million).

Liquidity and Financial Resources

Except for equity fund raising from the Company as detailed in below section headed "Capital Structure and Gearing Ratio", the Group mainly finances its business operations with internally generated cash flows and general banking facilities during the Reporting Period.

As at 31 December 2019, the Group had bank balances and cash of approximately HK$37.3 million (2018: HK$4.8 million). The Group's quick ratio (measured as total current assets less inventories and deposits and prepayments divided by total current liabilities) was approximately 1.3 times (2018: 1.6 times).

As at 31 December 2019, the total borrowings of the Group, which comprised of convertible bonds, bonds, promissory notes, bank and other borrowings and finance lease payables, amounted to approximately HK$251.9 million (2018: HK$189.9 million) of which, approximately HK$15.8 million (2018: HK$16.2 million) were secured by certain buildings, plant and machineries and motor vehicles of the Group. As at 31 December 2019, the total borrowings of the Group amounted to approximately HK$251.9 million of which, approximately HK$73,000 (2018: HK$0.2 million) were secured by motor vehicles of the Group. As at 31 December 2019, borrowings of approximately HK$245.2 million (2018: HK$162.5 million) were repayable within one year. As at 31 December 2019, borrowings of approximately HK$75.0 million (2018: HK$69.1 million) and HK$176.9 million (2018: HK$120.8 million) were denominated in HK$ and RMB respectively. Borrowings of approximately HK$87.1 million (2018: HK$171.5 million) are charged at fixed interest rates as at 31 December 2019.

The Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

At the end of the Reporting Period, the Group had capital expenditure commitments of approximately HK$788,000 (2018: HK$0.8 million) in respect of acquisition of property, plant and equipment. The Group had commitments for future minimum lease payments under non-cancellable operating leases of approximately HK$67.0 million for the year ended 31 December 2018. Operating lease payments represent rental payable by the Group for office premises and farmland. Leases are negotiated for fixed terms ranging from 1 to 26 years.

CAPITAL STRUCTURE AND GEARING RATIO

The Group and the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital. To maintain or adjust the capital structure, the Group may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts.

On 23 January 2018, the Company entered into a subscription agreement with Hui Jia Investments Limited ("Hui Jia") pursuant to which the Company had conditionally agreed to issue and Hui Jia has conditionally agreed to subscribe for the convertible bonds ("CB1") in the principal amount of HK$40 million with conversion price of HK$0.04 per conversion share (adjusted from HK$0.04 to HK$0.40 per conversion share as a result of the capital reorganisation effected on 25 June 2018 ("Capital Reorganisation 2018")) under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting held on 16 June 2017. The conversion price of HK$0.04 per conversion share (before Capital Reorganisation 2018) represented a premium of approximately 17.65% to the closing price of HK$0.034 per share as quoted on the Stock Exchange on 23 January 2018. The net conversion price was HK$0.039 per conversion share (before Capital Reorganisation 2018). All the conditions set out in the subscription agreement had been fulfilled subsequently and the subscription was completed on 7 February 2018 in accordance with the terms and conditions of the subscription agreement. The CB1 bore interest at the rate of 5% per annum and would mature on the date falling on the first (1st) anniversary of the date of issue. The gross and net proceeds from the subscription were HK$40 million and approximately HK$39.9 million respectively, which were used (i) approximately HK$13.0 million for repayment of debts; (ii) approximately HK$23.0 million for agricultural produce segment's operation, including approximately HK$15.9 million for settlement of accounts payables, HK$4.8 million for farmland rental and approximately HK$2.3 million for staff costs; and (iii) the balance for general working capital of the Group. The reason for the subscription of the CB1 was the market conditions at the time, the Directors considered that subscription of the CB1 was good opportunity to raise funds for the Company for repayment of its debts and other payables. No conversion rights of the CB1 had been exercised by Hui Jia and the CB1 matured on 7 February 2019. The Company have been negotiating with Hui Jia about the repayment of the CB1 upon its expiry. On 20 February 2019, the Company received a repayment demand letter from Hui Jia, requesting the Company to repay the outstanding principal amount and the interest accrued in a total sum of approximately HK$42 million and if such amount is not repaid within 7 days of the repayment demand letter, Hui Jia would institute legal proceedings against the Company without further notice. On 26 June 2019, the Company repaid HK$3.0 million principal amount of CB1 to Hui Jia. The Group has been still negotiating with Hui Jia regarding the outstanding principal amount and the interest accrued in a total sum of approximately HK$40.7 million. The Company proposed to issue 200,000,000 new ordinary shares of the Company at an issue price HK$0.65 per ordinary share (the "Subscription") to Sino Richest Investment Holdings Limited (the "Subscriber"), wholly-owned by Mr. Lin Yuhao, a non-executive Director. The net proceeds from the Subscription is approximately HK$128.0 million, and it is expected that HK$40.9 million from the net proceeds from the Subscription will repay to Hui Jia after completion of the Subscription. A special general meeting will be held on 15 April 2020 to approve the Subscription. There has been no material update on the above on this matter as at date of this report and further announcement will be made as and when appropriate. Details of the Subscription were set out in the Company's announcements dated 6 February 2020, 27 February 2020, 19 March 2020, and 20 March 2020 and the Company's circular dated 20 March 2020.

On 18 July 2018, the Company entered into subscription agreements with five subscribers, namely Mr. Chen Xiangzhuan, Mr. Han Xuebing, Ms. Hu Chenxi, Mr. Wu Xianwei and Mr. Zhang Junta (collectively the "July 2018 Subscribers"), pursuant to which the Company had conditionally agreed to issue and the July 2018 Subscribers had conditionally agreed to subscribe for the convertible bonds ("CB2") in the principal amount of HK$39.5 million with conversion price of HK$0.091 per conversion share (adjusted from HK$0.091 to HK$1.82 per conversion share as a result of the Capital Reorganisation 2019 (as defined below) effected on 25 April 2019) under the special mandate approved by the shareholders of the Company on 24 January 2019. The conversion price of HK$0.091 per conversion share (before Capital Reorganisation 2019) represented a premium of approximately 3.41% to the closing price of HK$0.088 per share as quoted on the Stock Exchange on 18 July 2018. The net conversion price was HK$0.0905 per conversion share (before Capital Reorganisation 2019) . All the conditions set out in the subscription agreements of the CB2 had been fulfilled and the subscriptions were completed on 14 February 2019 in accordance with the terms and conditions of the subscription agreements. The CB2 bore interest at the rate of 5% per annum and would mature on the date falling on the first (1st) anniversary of the date of issue. The gross and net proceeds from the subscription were approximately HK$39.5 million and HK$39.3 million respectively, which were used for repayment of the Group's overdue debts owed to several individual creditors arising from borrowings to discharge operating expenses of the Group's Agricultural Business. The reason for the subscription of the CB2 was the market conditions at the time, the Directors considered that subscription of the convertible bonds was a good opportunity to raise funds for the Company. On 4 June 2019, the Company respectively issued and allotted 4,340,659 ordinary shares of HK$0.01 to each of the July 2018 Subscribers (a total of 21,703,295 shares) upon exercise of conversion rights with the conversion price of HK$1.82 per conversion share (after Capital Reorganisation 2019) in respect of an aggregate principal amount of HK$39.5 million of the CB2 issued by the Company on 14 February 2019.

On 4 March 2019, the Company entered into subscription agreements with four subscribers, namely Ms. Zhang Lize, Mr. Zeng Yingxiang, Mr. Luo Yingling and Mr. Zhang Huifeng (collectively the "March 2019 Subscribers"), pursuant to which the Company had conditionally agreed to issue and the March 2019 Subscribers had conditionally agreed to subscribe for the convertible bonds ("CB3") in the principal amount of approximately HK$18.6 million with conversion price of HK$0.083 per conversion share (adjusted from HK$0.083 to HK$1.66 per conversion share as a result of the Capital Reorganisation 2019) under the general mandate granted to the Directors by the shareholders at the annual general meeting held on 15 June 2018. The conversion price of HK$0.083 per conversion share (before Capital Reorganisation 2019) represented a premium of approximately 5.06% to the closing price of HK$0.079 per share as quoted on the Stock Exchange on 4 March 2019. The net conversion price was HK$0.082 per conversion share (before Capital Reorganisation 2019). All the conditions set out in the subscription agreements of the CB3 had been fulfilled subsequently and the subscription was completed on 25 March 2019 in accordance with the terms and conditions of the subscription agreements. The CB3 bore interest at the rate of 5% per annum and would mature on the date falling on the first anniversary of the date of issue. The gross and net proceeds from the subscription of approximately HK$18.6 million and HK$18.5 million respectively were used for repayment of debts. The reason for the subscription of the CB3 was the market conditions at the time, the Directors considered that subscription of the convertible bonds was a good opportunity to raise funds for the Company for repayment of its debts. On 29 May 2019, the Company respectively issued and allotted 2,800,000 ordinary shares of HK$0.01 to each of the March 2019 Subscribers (a total of 11,200,000 shares) upon exercise of conversion rights with the conversion price of HK$1.66 per conversion share (after Capital Reorganisation 2019) in respect of an aggregate principal amount of approximately HK$18.6 million of the CB3 issued by the Company on 25 March 2019.

As at 31 December 2019, the net proceeds from the two tranches of convertible bonds issued during the year had been utilized as follows:

Date of announcement	**Net proceeds raised**	**Intended use of net proceeds**	**Actual use of proceeds**
18 July 2018 (completed on 14 February 2019)	Approximately HK$39,300,000	Approximately HK$39,300,000 to be utilized for repayment overdue debts	Approximately HK$39,300,000 was utilized for repayment overdue debts
4 March 2019 (completed on 25 March 2019)	Approximately HK$18,500,000	Approximately HK$18,500,000 to be utilized for repayment of debts	Approximately HK$18,500,000 was utilized for repayment of debts

During the year ended 31 December 2019, the Company issued and allotted a total of 5,501,157 ordinary shares of HK$0.01 each upon the exercise of a total of 5,501,157 share options granted by the Company.

In the light of the above, during the year ended 31 December 2019, the Company issued and allotted a total number of 38,404,452 ordinary shares of HK$0.01 each, resulting in a total number of 100,022,838 issued ordinary shares as at 31 December 2019.

On 18 March 2019, the Company proposed to reorganise the capital of the Company (the "Capital Reorganisation 2019") through (i) a reduction in the par value of each issued share from HK$0.01 to HK$0.0005 by cancelling paid up capital to the extent of HK$0.0095 on each issued share and round down of the total number of consolidated shares in the issued share capital of the Company (the "Capital Reduction"); and (ii) consolidation of the reduced shares on the basis that every 20 issued reduced shares of HK$0.0005 each will be consolidated into one consolidated share of HK$0.01 each (the "Share Consolidation"), which were duly passed in the special general meeting held by the Company on 24 April 2019. Following the fulfillment of all the conditions for the implementation of the Capital Reorganisation 2019, the Capital Reorganisation 2019 became effective on 25 April 2019 upon which the number of issued shares of the Company was 1,232,367,732 shares of HK$0.01 each consolidated into 61,618,386 of HK$0.01 each. Details of the Capital Reorganisation 2019 were set out in the Company's announcements dated 18 March 2019, 29 March 2019 and 24 April 2019, the next day disclosure return dated 25 April 2019 and the Company's circular dated 29 March 2019.

As at 31 December 2019, the net debt to adjusted equity ratio was 0.54 (2018: 0.51). The Group's gearing ratio as at 31 December 2019 was 1.37 (2018: 1.04), which was measured as total debt to total shareholders' equity. The increase of the Group's gearing ratio was mainly due the increase in bank and other borrowings in the Reporting Period.

Mr. Lin Yuhao, a non-executive Director, Mr. Lin Yupa and Ms. Diao Jing are executive Directors, have advanced an unsecured interest-free loan to the Group, the balance due to Mr. Lin Yuhao, Mr. Lin Yupa and Ms. Diao Jing as at 31 December 2019 were approximately HK$82.6 million, HK$37.7 million and HK$2.6 million respectively. As at 31 December 2019, the outstanding balance of unsecured promissory notes issued by the Company owed to Mr. Lin Yuhao, a non-executive Director and Mr. Lin Yupa, an executive Director, were HK$27.2 million and HK$10,000 respectively. Details for the promissory notes are disclosed in note 29 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except the disclosure under sub-section headed "Securities Brokerage Business" under the section of "BUSINESS REVIEW", the Group did not have material acquisition or disposals of subsidiaries and associated companies during the Reporting Period.

CHARGES ON GROUP'S ASSETS

As at 31 December 2019, certain buildings, plant and machineries and motor vehicles were pledged to secure bank loans and finance lease of the Group of approximately HK$15.8 million (2018: HK$16.2 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly earns revenue and incurs costs in Hong Kong dollars and RMB. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of RMB and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in in this report, the Group did not have other plan for material investments or acquisition of material capital assets as at 31 December 2019.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the total employees in Hong Kong and Mainland China dropped from 73 to 71. Total staff costs (including directors' emoluments) for the Reporting Period amounted to HK$25.7 million (2018: HK$38.1 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive Directors (including independent non-executive Directors) of the Group.

PROSPECTS

The Group will seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential. The Group will pursue diversification in its business and income streams by exploring opportunities with exciting prospects which could complement or create potential synergies to its existing core operations.

To diversify its income streams and counter balance the cyclical nature of the Group's Agricultural Business, the Company has been actively developing its business blueprint in the realm of financial business since 2015.

In order to expand the Agricultural Business, in late 2018, the Group started consolidating agricultural products from various labourhood farms and agricultural companies to process, package and sell to customers. In 2019, the Group also entered into long term co-operation agreements with certain agricultural companies in other provinces in Mainland China for broadening the agricultural bases and sourcing/subcontracting of the agricultural produce of the Group.

The Company has been planning to expand the production base in Guangdong as which is a desirable location as the climate is comparatively moderate and it allows year-round cultivation for agricultural produces.

In 2018, the US-China trade war has begun, it is expected the trade war between the US and China will continue and it may impact the economy of China and the business of the Group as well. Meanwhile, the Board expected that the outbreak of the Coronavirus Disease 2019 (the "COVID-19 outbreak") in Hong Kong, PRC and across the globe will have an adverse impact on the Group in the coming months. However, our management will keep actively monitoring the performance of the Group and assessing how the COVID-19 outbreak will impact the Group, and will implement fitting strategy in a timely manner.

Apart from the aforesaid investments, the Group will also consider other related profitable businesses which could boost profitability in the future including but not limited to financial and agricultural sector in Mainland China and Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lin Yupa, aged 48, joined the Group in June 2017 and was appointed as executive Director on 18 April 2019. He is currently the director of certain subsidiaries of the Company, namely Hong Kong Congyu Development Company Limited, Hong Kong Congyu Agricultural Trading Development Company Limited, Hong Kong Congyu Food Trading Company Limited, Golden Rich International Financial Group Limited, Golden Rich Futures Limited, GLYD Internet Finance Holdings Limited, Golden Rich (HK) Limited, China Finance Travel Development Company Limited, Modern Excellence Limited, Trade Soar Limited, Smart Sharp Trading Limited, Power Gold Enterprises Limited and Trade Zone Global Limited. He is currently a director and legal representative of certain subsidiaries of the Company in the PRC, namely, Shenzhen Cypress Jade Food Trading Company Limited#, Jianxi Anyi Congyu Agricultural Development Company Limited#, Guangdong Cypress Jade Agricultural Group Company Limited#, Guangzhou Luyuan Agricultural Development Company Limited#. He graduated from Beijing Economic and Technological Research Institute# with a diploma in economic management and has over 20 years experience in agriculture operation and real estate management in the PRC. He operated and managed vegetables farms in Hainan Province, the PRC from 1995 to 2006. He also worked in Hainan Jin Nian Hua Real Estate Company Limited# (海南金年華房地產有限公司) as general manager from 2006 to 2017, and was responsible for property development and operations. Mr. Lin Yupa is the elder brother of Mr. Lin Yuhao, a non-executive Director.

Ms. DIAO Jing ("Ms. Diao"), aged 47, was appointed as an executive Director on 5 September 2017. Ms. Diao serves as an authorized representative of the Company. In addition, she also serves as a member of the remuneration committee of the Board and acts as director of certain subsidiaries of the Company namely Hong Kong Congyu Development Co. Limited, Golden Rich International Financial Group Limited, Golden Rich Finance Limited, Golden Rich Securities Limited, GLYD Internet Finance Holdings Limited, Golden Rich (HK) Limited, China Finance Travel Development Limited, First Novel Limited, Modern Excellence Limited, Trade Soar Limited, Smart Sharp Trading Limited, Power Gold Enterprises Limited, Trade Zone Global Limited, Viva State Limited, Central Tycoon Limited, Robust Canton Limited. Ms. Diao obtained a certificate in English (Economics and Trade) from Sichuan International Studies College# (四川外語學院) in July 1994. Ms. Diao has over 14 years of experience as a managerial role. From May 2003 to August 2014, Ms. Diao was the supervisor of the general manager's office in a company incorporated in the PRC mainly engaged in manufacturing and sales of electronic components and was responsible for human resources management and company policy matters. From November 2014, Ms. Diao joined a company incorporated in the PRC mainly engaged in biotechnology research and development as an administrative manager and was responsible for human resources management and administrative matters.

NON-EXECUTIVE DIRECTOR

Mr. LIN Yuhao ("Mr. Lin"), aged 45, was appointed as an executive Director and the chairman of the Board on 13 May 2016. Mr. Lin has been re-designated from an executive Director to a non-executive Director of the Company with effect from 10 March 2017. In addition, Mr. Lin also serves as an authorized representative of the Company and a member of the nomination committee of the Board. Mr. Lin currently is a director of a wholly owned subsidiary, namely Shenzhen Qianhai GLYD Internet Services Company Limited#. Mr. Lin obtained an Executive Master's degree in Business Administration from University of Liege, Belgium. Mr. Lin has extensive experience in finance, real estate, education and internet technology businesses in the PRC.

Mr. Lin, was the vice president of 深圳市企業聯合會 (Shenzhen Business Association#) and 深圳市企業家協會 (Shenzhen Entrepreneurs Association#), was the vice chairman of 深圳市龍崗區阪田街道工商聯（商會）(Shenzhen Longgang Bantian Street Federation of Industry and Commerce#), and is currently the vice-president of 深圳社會組織總會 (Shenzhen Non-Governmental Organization Federation#). Mr. Lin is the younger brother of Mr. Lin Yupa, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Shaohua ("Mr. Li"), aged 57, was appointed as an independent non-executive Director on 2 January 2015. In addition, Mr. Li serves as a member of each of the audit committee, the remuneration committee, the nomination committee and the corporate governance committee of the Board. Mr. Li graduated from Daqing Petroleum College and obtained a master's degree in business administration from Murdoch University, Australia. He is currently a deputy general manager of an energy company in the PRC and an executive director and chief executive officer of Perfectech International Holdings Limited (stock code: 765).

Ms. ZHU Rouxiang ("Ms. Zhu"), aged 39, was appointed as an independent non-executive Director on 8 May 2017. In addition, Ms. Zhu also serves as a member of each of the audit committee and the corporate governance committee of the Board and the chairlady of each of the remuneration committee and nomination committee of the Board. Ms. Zhu graduated from Huazhong University of Science and Technology with a diploma in clinical medicine. Ms. Zhu is currently the general manager of 深圳市金安教育集團 (Shenzhen City Jinan Education Group#), a company engaging in education business. Ms. Zhu was the chairlady of 珠海市零零柒電子科技有限公司 (Zhuhai City Linglingqi Electronic Technology Company Limited#), a company engaging in trading of technological products business, from 2013 to 2015, the general manager of 廣州市百樂投資有限公司 (Guangzhou City Baile Investment Company Limited#), a company engaging in investment business, from 2011 to 2013 and the legal representative and chairlady of 珠海市金琴紙品有限公司 (Zhuhai City Jinqin Paper Product Company Limited#), a company engaging in paper product business, from 2003 to 2011. She gained experiences in corporate management, sales and marketing, risk management, trading and investment.

Ms. LI Yang ("Ms. Li"), aged 40, was appointed as an independent non-executive Director on 3 July 2017. In addition, Ms. Li also serves a member of each of the remuneration committee and the nomination committee of the Board and the chairlady of each of the audit committee and the corporate governance committee of the Board. Ms. Li graduated from University College Dublin of the National University of Ireland with a master's degree in accounting. She is member of the Institute of Chartered Certified Accountants in Ireland and a Chartered Professional Accountant of the Institute of Chartered Certified Accountants. Ms. Li is currently the manager of one of the big four accounting firms. Ms. Li has over 10 years of professional experience in areas of accounting and auditing.

SENIOR MANAGEMENT

Mr. LIN Zhiqun, aged 40, joined the Group in October 2016 and is currently the general manager of the Money Lending Business in the PRC. Mr. LIN Zhiqun graduated from Huazhong University of Science and Technology with a diploma in clinical medicine. He has extensive experience in marketing, management and operation of trade and finance in the PRC.

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and practices with an emphasis on integrity, transparency and independence. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). During the year ended 31 December 2019, the Company has complied with the Code Provisions and mandatory disclosure requirement as set out in the CG Code, except for the following deviation in respect of which remedial steps for compliance have been taken or considered reasons are given below.

Under the Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to conflicting business schedules, Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang, all being the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 14 June 2019.

The Company periodically reviews its corporate governance practices to ensure they continue to meet the requirements of the CG Code during the year of 2019. The key corporate governance principles and practices of the Company are summarised in this annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry with the Directors of the Company, all the Directors confirmed that they had complied with the required standards of the said code during the year ended 31 December 2019.

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the shareholders and assets of the Company at all times. The system of internal controls aims to help achieving the Group's business objectives, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. However, the design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate risks of failure when business objectives, being sought.

Risk management and internal control

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group established and maintained appropriate and effective risk management and internal control systems.

The Audit Committee reviews the risk management and internal controls that are significant to the Group on an on-going basis. The Audit Committee would consider the adequacy of resource, qualifications and experience and training of staff and external advisor of the Group's accounting, internal audit and financial reporting function.

The management of the Group is responsible for designing, maintaining, implementing and monitoring of the risk management and internal control system to ensure adequate control in place to safeguard the Group's assets and stakeholder's interest.

The Group has established risk management procedures to address and handle the significant risks associated with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to respond to the risks resulting from significant change of business environment. The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include politics, economy, technology, environmental, social and staff. Each of the risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risk;

– Risk avoidance: change business process or objective so as to avoid the risk;

– Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

– Risk transfer: transfer ownership and liability to a third party.

The internal control systems are designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact results from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company engaged an external internal control consultant to perform internal credit function to review the effectiveness of the financial, operational and compliance controls, internal control system, and risk management functions of the Company and the Group's major subsidiaries on a rotation basis annually. The Audit Committee and the Board, having reviewed the internal control review report for the year ended 31 December 2019, were reasonably satisfied that no material deficiencies or inadequacies existed or identified and the Company considers the risk management and internal control systems are effective and adequate for the year ended 31 December 2019. The Company has complied with the requirements under C.2.1 to C.2.5 and C.3.3 of the CG Code relating to risk management and internal control.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

THE BOARD

Responsibilities and accountabilities

The Board is responsible for overseeing the overall development of the Company's businesses with the objective of enhancing shareholders' value including setting and approving the Company's strategic implementation, considering substantial investments, reviewing the Group's financial performance half-yearly and developing and reviewing the Group's policies and practices on corporate governance while delegating the day-to-day operations of the Company to the executive Directors or the management of every business segment. The Board is committed to making decisions in the best interests of both the Company and its shareholders.

The Board acknowledges its responsibility for preparing the financial statements of the Company and the Group which give a true and fair view of the Group's affairs in accordance with statutory requirements and applicable accounting standards. The statement by the auditor of the Company about its reporting responsibilities for the financial statements of the Company is set out on pages 47 to 52 in the Independent Auditor's Report. The consolidated financial statements of the Company and its subsidiary companies for the year ended 31 December 2019 have also been reviewed by the Audit Committee.

As disclosed in note 2.1 to the consolidated financial statements, based on the financial position of the Group as at 31 December 2019, the Group might have difficulties to fulfill its overdue financial obligations from time to time. However, the Company, Sino Richest Investment Holdings Limited (the "Subscriber") and Mr. Lin Yuhao, a non-executive Director, entered into the subscription agreement on 17 January 2020 (as amended and supplemented by the supplemental agreement), pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 200,000,000 ordinary shares of the Company (the "Subscription") at an issue price of HK$0.65 per ordinary share of the Company. The net proceeds from the Subscription is approximately HK$128.0 million. The aggregate Subscription price amounts to HK$130.0 million, out of which HK$56.0 million will be offset against the total consideration for the Subscription as repayment of the indebtedness due from the Group to Mr. Lin Yuhao at completion of the Subscription and the remaining HK$74.0 million shall be payable by the Subscriber in cash. Therefore, the Board have concluded that the Group is able to continue as a going concern and it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

All Directors have full and timely access to all relevant information as well as the advice and service of the company secretary of the Company (the "Company Secretary") to ensure Board procedures and all applicable rules and regulations are followed.

The Board has established procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established set out in writing. The chairman and chief executive officer are not related to each other and there are clear divisions among their responsibilities with a view to achieving a balance of power and authority. Mr. Lin Yuhao is the chairman of the Board (the "Chairman"). The Chairman provides leaderships to the Board in terms of formulating policies and strategies, and discharges those duties set out in Code Provision A.2 of the CG Code. Mr. Yau Yik Ming Leao served as the chief executive officer of the Company up to his resignation on 21 September 2018. The chief executive officer of the Company has the overall responsibility of implementing the decisions, policies and strategies approved by the Board, and overseeing the Group's business and operations. The Code Provision A.2.1 of the CG Code has been complied with.

The Company has no such title as the chief executive officer after the resignation of Mr. Yau Yik Ming Leao as the executive Director and the chief executive officer of the Company on 15 June 2018 and 21 September 2018 respectively and therefore the daily operation and management of the Company has been monitored by the executive Directors as well as the senior management.

With the support from the executive Directors and the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues arising from Board meetings and receive adequate, complete and reliable information on a timely manner. The Board considers that there are adequate balance of power and safeguards in place and will review and monitor this situation periodically and will ensure that present structure would not impair the balance of power of the Company.

Non-Executive Director and Independent Non-Executive Directors

The service agreements or letters of appointment (as the case may be) of non-executive Director and independent non-executive Directors are renewed for two years and are subject to retirement by rotation and re-election in accordance with the bye-laws of the Company (the "Bye-Laws") and the Listing Rules.

Composition

The Board has in its composition a balance of skills, knowledge, experience and diversity necessary for independent decision making and fulfilling its business needs.

The Board currently comprised six Directors, including two executive Directors, namely Mr. Lin Yupa and Ms. Diao Jing; one non-executive Director, namely Mr. Lin Yuhao (Chairman); and three independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang and Ms. Li Yang. During the year ended 31 December 2019, Ms. Diao Hong has retired as an executive Director and member of nomination committee of the Company after the conclusion of the annual general meeting of the Company held on 14 June 2019.

Biographical details of the Directors are set out on pages 14 to 15. Other than that Mr. Lin Yupa is the elder brother of Mr. Lin Yuhao, there are no other relationships including financial, business, family or other material relevant relationships among members of the Board.

Each executive Director, non-executive Director and independent non-executive Director has entered into a service agreement/letter of appointment with the Company. The letter of appointment entered into between each non-executive Director and independent non-executive Director has a specific term, and all Director's appointment are subject to retirement by rotation and re-election in accordance with the Bye-Laws and the Listing Rules.

In accordance with the Bye-Laws, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot.

The Company may from time to time in general meeting(s) by ordinary resolution elect any person to be a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the annual general meeting but shall not be taken into account in determining the Directors or the number who are to retire by rotation at such meeting.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Bye-laws. The Nomination Committee of the Company is responsible for reviewing the Board composition, considering and formulating the relevant procedures for nomination and appointment of Directors and monitoring the appointment and succession planning of Directors and assessing the independence of the independent non-executive Directors.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Board Meetings and General Meetings

Code provision A.1.1 of the CG Code provides that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Board meetings (include regular meetings as defined in the CG Code and other Board meetings) will hold from time to time when necessary. During the year ended 31 December 2019, the Board held four regular Board meetings at approximately quarterly interval which satisfy the minimum number of regular board meeting and other Board meetings which were convened when deemed necessary. Due notice and Board papers of regular Board meetings were given to all Directors prior to the meeting in accordance with the Bye-Laws and the CG Code. For the sake of flexibility, the Board held meeting whenever necessary. In addition to these four regular Board meetings, senior management of the Group provided to Directors the information on the activities and developments in the business of the Group from time to time and, when required, several resolutions in writing were passed by the Board. In addition, the Board has established the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the corporate governance committee (the "Corporate Governance Committee") to oversee particular aspects of the Company's affairs. The attendance records of individual Directors are as follows:

During the year ended 31 December 2019, four regular Board meetings and two general meetings were held with details of the Directors' attendance set out below:

	Attendance/Number of meetings	
Directors	**Regular Board meetings**	**General meetings**
Executive Directors		
Ms. Diao Hong (retired on 14 June 2019)	1/2	2/2
Ms. Diao Jing	4/4	2/2
Mr. Lin Yupa (appointed on 18 April 2019)	2/3	2/2
Non-executive Director		
Mr. Lin Yuhao *(Chairman)*	2/4	2/2
Independent non-executive Directors		
Mr. Li Shaohua	4/4	1/2
Ms. Zhu Rouxiang	4/4	1/2
Ms. Li Yang	2/4	1/2

Directors' Training

The Directors should participate in continuous professional development to develop and refresh their knowledge and skills pursuant to Code provision A6.5. The Company would provide a comprehensive induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors with written materials, as well as organizes seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year ended 31 December 2019, the Directors participated in the following trainings:

Directors	Types of Trainings
Executive Directors	
Ms. Diao Jing	S, R
Mr. Lin Yupa	S, R
Non-executive Director	
Mr. Lin Yuhao *(Chairman)*	S, R
Independent non-executive Director	
Mr. Li Shaohua	S, R
Ms. Zhu Rouxiang	R
Ms. Li Yang	S, R

S: Attending seminars and/or conferences and/or forums relating to directors' duties

R: Reading newspaper, journals and updates relating to the economy, general business or directors' duties, etc.

DELEGATION BY THE BOARD

The Directors are aware of their collective and individual responsibilities to the shareholders for the wellbeing and success of the Company.

To enhance the effectiveness of the management of the Company, the Board has established four committees, namely the Audit Committee, the Corporate Governance Committee, the Remuneration Committee and the Nomination Committee to oversee corresponding aspects of the Company's affairs. All Board committees of the Company have defined written terms of reference.

BOARD COMMITTEES

Audit Committee

As at the date of this report, the Audit Committee comprises three members, all are independent non-executive Directors, namely Ms. Li Yang (Chairlady of Committee), Mr. Li Shaohua and Ms. Zhu Rouxiang.

The Board has adopted a terms of reference of the Audit Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The main duties of the Audit Committee are to consider the appointment, re-appointment and removal of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process and to discuss with the external auditor the nature and scope of the audit. It is also responsible for reviewing: (i) the interim and annual financial statements before submission to the Board and (ii) the Company's financial control, internal control and risk management systems and the internal and external audit functions (where appropriate). It also needs to discuss problems and reservations arising from the interim and final audits and to consider the major findings of internal investigations and management's response.

There were three meetings held during the year ended 31 December 2019, details of attendance are set out below:

Audit Committee members	Attendance/ Number of meetings
Ms. Li Yang *(Chairlady of Committee)*	2/3
Mr. Li Shaohua	3/3
Ms. Zhu Rouxiang	3/3

During the year ended 31 December 2019, the Audit Committee had considered, reviewed and discussed any areas of concerns during the audit process, the compliance of company policies, risk management and the internal control procedures of the Group and had approved the unaudited interim financial statements for the six months ended 30 June 2019 and the audited annual financial statements for the year ended 31 December 2018, respectively. The Audit Committee also reviewed the appointment and independence of McMillan Woods (Hong Kong) CPA Limited, the new auditors of the Company appointed on 19 December 2019, and made recommendation to the Board during the year.

Corporate Governance Committee

As at the date of this report, the Corporate Governance Committee comprises three members, all are independent non-executive Directors, namely Ms. Li Yang (Chairlady of Committee), Mr. Li Shaohua and Ms. Zhu Rouxiang.

The Board has adopted a terms of reference of the Corporate Governance Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The main duties of the Corporate Governance Committee under Code provision D.3.1 are to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees of the Company; to review the Company's compliance with the CG Code and disclosure requirements for the Corporate Governance Report.

The Corporate Governance Committee shall meet at least once per year according to its terms of reference. A Corporate Governance Committee meeting was held during the year ended 31 December 2019, details of attendance are set out below:

Corporate Governance Committee members	Attendance/ Number of meetings
Ms. Li Yang *(Chairlady of Committee)*	1/1
Mr. Li Shaohua	1/1
Ms. Zhu Rouxiang	1/1

During the year ended 31 December 2019, the Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, the Company's compliance with the CG Code and disclosure requirements for the Corporate Governance Report.

Remuneration Committee

As at the date of this report, the Remuneration Committee comprises four members, three are independent non-executive Directors, namely Ms. Zhu Rouxiang (Chairlady of Committee), Mr. Li Shaohua and Ms. Li Yang and one is executive Director, namely Ms. Diao Jing.

The Board has adopted a terms of reference of the Remuneration Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policies and structure for remuneration of the Directors and senior management of the Company and review and approve the management's remuneration proposals with reference to the Board's corporate goal and objective. The Remuneration Committee shall determine, with delegated responsibility, the individual remuneration package of each executive Director (including the Chairman) and senior management including benefits in kind and pension rights (including allocation of share options, annual bonus plans) and compensation payments (including any compensation payable for loss or termination of their office or appointment) subject to the contractual terms, if any. When determining remuneration packages of the executive Directors and senior management of the Company, the Remuneration Committee takes into consideration factors such as market forces and remuneration packages of executive Directors of similar companies in comparable industries in Hong Kong. The Remuneration Committee also ensures that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee shall meet at least once per year according to its terms of reference. A Remuneration Committee meeting was held during the year ended 31 December 2019, details of attendance are set out below:

Remuneration Committee members	Attendance/ Number of meetings
Ms. Zhu Rouxiang *(Chairlady of Committee)*	1/1
Mr. Li Shaohua	1/1
Ms. Li Yang	1/1
Ms. Diao Jing	1/1

During the year ended 31 December 2019, the Remuneration Committee reviewed the existing remuneration policy and structure and assessed the performance of each Director for the year ended 31 December 2019.

The remuneration of Director is determined with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Details of the emoluments of Directors during the year ended 31 December 2019 are set out in note 11 to the consolidated financial statements of this report. The emoluments received by senior management during the year ended 31 December 2019 were within the following bands:

	Number of individuals
Up to HK$1,000,000	1
HK$1,000,001 – HK$1,500,000	0
HK$1,500,001,– HK$2,000,000	2

Nomination Committee

As at the date of this report, the Nomination Committee comprises four members, one is non-executive Director, namely Mr. Lin Yuhao; and three are independent non-executive Directors, namely Mr. Li Shaohua, Ms. Zhu Rouxiang (Chairlady of Committee) and Ms. Li Yang.

The Board has adopted a terms of reference of the Nomination Committee in compliance with the CG Code, which is available on the websites of the Company and the Stock Exchange.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board on a regular basis and to identify individuals suitably qualified to become board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors.

The Board has adopted a Board Diversity Policy to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Company has adopted a nomination policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider criteria including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

During the year ended 31 December 2019, the Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors and made recommendation to the Board on the re-election of the retiring Directors. The Nomination Committee has also reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group has achieved the objectives of the board diversity during the Reporting Period.

The Company has also received from each independent non-executive Director an annual confirmation of his/her independence and the Nomination Committee has conducted an annual review and considered that all independent non-executive Directors are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules.

The Nomination Committee shall meet at least once per year according to its terms of reference. A Nomination Committee meeting was held during the year ended 31 December 2019, details of attendance are set out below:

Nomination Committee members	**Attendance/ Number of meetings**
Ms. Zhu Rouxiang *(Chairlady of Committee)*	1/1
Mr. Lin Yuhao	1/1
Ms. Diao Hong *(note 1)*	0/1
Mr. Li Shaohua	1/1
Ms. Li Yang	1/1

Note:

1. Ms. Diao Hong has retired as a member of the Nomination Committee on 14 June 2019.

AUDITOR'S REMUNERATION

The remuneration paid and payable to World Link CPA Limited, former auditor of the Company, and its network firm, and the nature of services are set out below:

Type of services rendered	For the year ended 31 December 2019 (HK$'000)
Non-assurance services	
— Review of interim financial information	40

The remuneration paid and payable to the external auditor of the Company, McMillan Woods (Hong Kong) CPA Limited, and its network firm, and the nature of services are set out as follows:

Type of services rendered	For the year ended 31 December 2019 (HK$'000)
Audit services	750
Non-assurance services	
— Risk assessment and internal control review	65
— Services in relation to the environmental, social and governance reporting	65

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and also facilitating communications among Directors as well as with shareholders and management.

During the financial year ended 31 December 2019, Ms. Yeung Man Wah has resigned as a Company Secretary on 10 May 2019 and Mr. Au Yeung Ming Yin Gordon ("Mr. Au Yeung") has been appointed as the Company Secretary on 10 May 2019. Mr. Au Yeung had complied with the professional training requirements to update his skills and knowledge under Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The Company has adopted a dividend policy on 31 December 2018 (the "Dividend Policy"). According to the Dividend Policy, it is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst preserving the Company's liquidity to capture future growth opportunities.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors before declaring or recommending dividends:–

(a) the Company's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and

(f) other factors that the Board may considered relevant.

The payment of dividend by the Company is also subject to any restrictions under the laws of Bermuda and the Company's Bye-laws. The Board will continually review the Dividend Policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS

Convening a Special General Meeting by Shareholders

Pursuant to the bye-law 62 of the Bye-Laws, a special general meeting may be convened by the Board upon requisition by any shareholder holding not less than one-tenth of the issued share capital of the Company and the securities being held carrying the right of voting at any general meetings of the Company. The shareholder shall make a written requisition to the Board or the Company Secretary at the principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two (2) months after the receipt of such written requisition. Pursuant to the bye-law 63 of the Bye-Laws, the Company shall serve requisite notice of the general meeting, including the time, place of meeting and particulars of resolutions to be considered at the meeting and the general nature of the business.

If within twenty-one (21) days of the receipt of such written requisition, the Board fails to proceed to convene such a special general meeting, the shareholder shall do so pursuant to the provisions of Section 74 (3) of the Companies Act of Bermuda.

Putting Forward Proposals at General Meeting

A shareholder shall make a written requisition to the Board or the Company Secretary at the principal place of business of the Company in Hong Kong, specifying the shareholding information of the shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Making Enquiry to the Board

Shareholders may send written enquiries, either by post, by facsimiles or by email, together with his/her contact details, such as postal address, email or fax, addressing to Board of the Company at the following address or facsimile number or via email:

Suite 1510, 15/F, Ocean Centre
Harbour City, 5 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong
Fax: (852) 3188 3959
Email: ir@cfih.hk

All enquiries shall be collected by the Company Secretary who shall report to the executive Directors periodically on the enquiries collected. The executive Directors shall review the enquiries and assign different kinds of enquiries to appropriate division head/manager for answering. After receiving the answers of all enquiries from the relevant division head/manager, the Company Secretary will collect the answers for the executive Directors' review and approval. The company secretary shall then be authorised by the executive Directors to reply all enquiries in writing.

Shareholders Communication Policy

The Company adopted a Shareholders Communication Policy on 22 January 2013 which aims to enhance corporate communication between the shareholders, and the Board and the senior management of the Company through various official channels so that the shareholders can access the Company's public information equally in a timely manner.

Via the Company's website at http://www.cfih.hk, shareholders can obtain updated and key information on the major developments of the Group. Information, such as financial statements, results announcements, circulars, notices of general meetings and all announcements, released by the Company on the Stock Exchange's website at www.hkex.com.hk is also posted on the Company's website immediately thereafter.

MANAGEMENT OF INSIDE INFORMATION

In order to promote transparency, accountability and responsibility in respect of the operation of a listed company, and for the maintenance of good corporate governance, the Company, assisted by legal advisors and financial advisors, would notify the Stock Exchange and make relevant disclosure to the public as soon as practicable of any inside information of the Company pursuant to the Listing Rules and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Constitutional Documents

During the year ended 31 December 2019, there were no changes in any of the Company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1 BACKGROUND

China Finance Investment Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange (stock code: 875).

The Company and its subsidiaries (collectively the "Group") was principally engaged in assets and investment holding, growing, processing and trading of agricultural produce, money lending and securities brokerage businesses respectively.

This Environmental, Social and Governance ("ESG") report (the "ESG Report") has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "ESG Guide") under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (the "Listing Rules"). It sets out the Group's actions and performance on sustainability issues in a transparent and open manner with the intention of increasing stakeholders' confidence in and understanding of the Group.

This ESG Report covers the Group's overall performance on the Environmental and Social aspects of business operations in the Hong Kong office from 1 January 2019 to 31 December 2019 (the "Year" or "2019"), unless otherwise stated.

2 COMMUNICATION WITH STAKEHOLDERS

The Company treasures any opportunities to engage with its stakeholders and attaches great importance to effective communication with them. Through various communication channels provided by the Company, stakeholders can conveniently access the Company's public information and provide feedbacks, thus enhancing mutual understanding.

The table below shows the aspects on the ESG Guide to be assessed and ESG issues which were determined to be material to the Group.

ESG Aspects as set forth in ESG Guide	Material ESG issues for the Group
(A) Environmental	
A1 Emissions	Emission from town gas, electricity or vehicle
A2 Use of Resources	Use of energy and paper
A3 Environment and Natural Resources	
(B) Social	
B1 Employment and Labour Practices	Labour practices
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Employee development and training
B4 Labour Standards	Anti-child and forced labour
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Product responsibility
B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
B8 Community Investment	Community programs, employee volunteering and donation

A. Environmental

The Company believes that minimising and mitigating all forms of emissions from operations, to ensure the prosperity of its future generation, is the responsibility of all corporations. In order to ensure effective management, the Company has established management system to govern its field operations to minimize emission.

Prevention is always a more cost-effective approach than treatment, as such, the Company adopts prevention as its fundamental principle to implement numerous environmental-benign practices, which comprise intercropping, crop rotation, and keeping a high standard of field hygiene to avert pest infestation in the agriculture segment. With a lower infestation threat and heathier crops, the demand for pesticide and fertiliser diminishes, and as a result, the consequential residues and runoff can also be reduced. In order to further safeguard the surrounding environment, the Company has also built isolation barriers to surround the farmlands to contain any runoff that might occur.

Responsible waste management is also part of the Company's culture. In the Company's agriculture segment, used pesticide containers are properly and securely stored in warehouses to prevent spillage that may contaminate the environment, and are subsequently recollected by pesticide suppliers for proper handling, treatment and disposal.

Despite money lending segment having comparatively less direct influence on the environment, the Company cannot afford to be complacent with the status quo and still endeavours to adhere to environmental-friendly practices in its everyday operation. Measures include avoidance of non-essential appliances with high energy consumption and prioritisation of energy efficient appliances so as to slash emissions of greenhouse gases from our operations. Moreover, other recognized management approaches to reduce waste generation, such as double-side printing, and recycling waste office paper are also implemented.

Thanks to the management approaches and diligent implementation, the Company ensured runoff was properly contained and both hazardous and non-hazardous wastes were responsibly handled and kept to a minimum level. In particular, the non-hazardous waste showed reduction in both the absolute amount and the per product intensity compared to that of last year; and in this Year, the Company also expanded its data collection and reporting scope to cover the quantity of hazardous waste. At the same time, the Company's energy consumption, and thus its greenhouse gas emissions, was monitored and controlled to a reasonable amount.

The Company has complied with the relevant environmental laws and regulations, such as the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste and the Water Law of the People's Republic of China, and has no violation in 2019.

A1.1. Emissions Data from Gaseous Fuel Consumption

a) The Company have town fuel and town gas consumption during the Year, the emissions data from vehicle applied are set out below:

	Key performance indicator ("KPI") 2019	Unit
NOx	**328.32**	tonnes/million MJ of gas
SOx	**1.64**	tonnes/million MJ of gas
Total	**329.96**	tonnes/million MJ of gas

b) The Company has motor vehicles during the Year, the emissions data from vehicle applied are set out below:

	Key performance indicator ("KPI") 2019	Unit
NOx	**1,289.32**	grams/million MJ of gas
SOx	**68.84**	grams/million MJ of gas
PM	**94.93**	grams/million MJ of gas
Total	**1,453.09**	grams/million MJ of gas

A1.2. Greenhouse Gas Emission

	KPI 2019	Unit	%
Scope 1			
Direct Emission	**13,229**	Kg	15%
Scope 2			
Indirect Emission	**59,965**	Kg	69%
Scope 3			
Other indirect Emission	**14,256**	Kg	16%
Total	**87,450**	Kg	100%

During the Year, there is 87,450 kg of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation. Such decrease in emission was due to a significant decrease in the production volume during the Year. The annual emission intensity was 1,231.69 $KgCO_2e$/staff.

Compliance with relevant laws and regulations:

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste of the Group during the year. In addition, no significant fines or non-monetary sanctions for non-compliance with relevant laws and regulations had been reported in the year.

A1.3. Non-hazardous Waste

The Group generates no hazardous waste in its operation. Non-hazardous waste are generated from use of electricity in the Group's operation. The management of the Group believed that the non-hazardous waste generated are insignificant.

A2 Use of Resources

Over the years, resource conservation has risen to be a major global trend, and the Company is delighted to be part of this movement by echoing such need through mindful use of resources and prioritisation of environmentally-benign materials throughout its operation. The Company's agriculture segment considers deploying organic fertilisers as the preferred approach, with conventional fertilisers as supplement if needed. This technique encourages a circular economy which has been progressively advocated and valued internationally. Such a sustainable practice maximises the efficiency of various resources.

In almost every agricultural operations, irrigation is an indispensable process for crops to flourish, the Company's agricultural business is no exception to this necessity. In order to avoid excessive or unnecessary irrigation, the Company regularly checks the moisture level in the soil. Only public water supply is used for irrigation and thus the operation has no direct impact on water bodies. Given the stability of public water supply, the Company has no difficulty in sourcing water that is fit for irrigation. Thanks to these controls measures, water consumption was kept at a sensible level in the Year and direct impact to water bodies was avoided.

Since the operation of plant is outsource to third party agricultural companies, thus the management of the Group believed that the usage of water consumption and usage of packing material is insignificant.

In the premises of the Company's money lending segment, energy-efficient appliances are given priority whenever applicable. The Company's employees are prompted and encouraged to use resources sensibly and to reduce the energy consumption. As a result of the Company's energy-saving practices, its energy consumption was controlled to an acceptable amount. Moreover, the Company takes a green office approach to facilitate a paperless system with electronic documentation. In any cases that a hardcopy is indispensable, double-side printing is always preferred and supported so as to reduce consumption of paper, with an aim to conserve forestry resources.

The energy consumed is mainly from purchase of electricity. The total electricity consumed are set out below:

	2019	KPI Unit	%
Electricity consumed	**111,046.24**	kWh	67%
Diesel consumed	**54,459.45**	kWh	33%
Total	**165,505.69**	kWh	100%
No. of staff	**58**	People	
Resource consumed per staff	**2,853.55**	kWh/staff	

A3 Environmental and Natural Resources

In the Company's agricultural segment, not only does the pesticide management and deployment system govern the procurement of pesticide to ensure compliance with statutory regulations and requirements, the system also safeguards that the deployment of pesticide is within suitable concentration and quantity at appropriate intervals.

These strategies employed by the Company ensure that the dispersion and runoff of pesticide is kept to a minimum, so that the surrounding environment and sensitive receivers are protected from any ecological impacts.

There were no non-compliance cases noted in relation to environmental laws and regulations during the Year.

B. Social

B1 Employment

The legitimate rights of employees are much respected in the Company's policy and culture. The Company guarantees a transparent recruitment and employment mechanism. The Company considers and evaluates only the qualification, experience and performance of the candidate or employee relevant to the job function in all the employment decisions, including recruitment, promotion and termination. The Company is proud to be an equal opportunities employer, and fully respects candidates and employees of different genders, ages, marital status, religions, disabilities, etc.

The Company's employees enjoy wages, working hours, holidays, insurance and other benefits at a level no lower than statutory requirements. The remuneration package is regularly reviewed on the ground of the employee's performance, experience, and the prevailing market levels to uphold the competitiveness of the Company in the labour market.

It is of utmost importance for the Company to comply with relevant employment laws and regulations. Therefore, to ensure disputes, if any, between the Company and employees are resolved in a fair manner, the Company will settle the case through arbitration and, if necessary, litigation. During the Year, the Company has complied the relevant employment laws and regulations such as the Labour Law of the People's Republic of China, and has no material violation.

Staff Composition

As at 31 December 2019, the Group employed a total of 71 (2018: 73) staff, including operational office, sales and marketing, and back office division. All staff members are allocated in Hong Kong and Mainland China.

a) *Employee' s Age and Gender Distribution*

	2019	
Age Group	**Male**	**Female**
0–15	**0%**	**0%**
16–18	**0%**	**0%**
19–30	**0%**	**7%**
31–45	**17%**	**28%**
46–60	**21%**	**14%**
= 61/>61	**7%**	**7%**
Total	**45%**	**55%**

b) *Employee' s Geographical and Gender Distribution*

	2019	
Geographical area	**Male**	**Female**
Hong Kong	**28%**	**26%**
Mainland China	**17%**	**29%**
Total	**45%**	**55%**

The Group will continue to provide a well-structured and caring environment to employees to raise their sense of belonging and work efficiency in the Group.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare on the Group during the Year. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported during the Year.

B2 *Employee Health and Safety*

Under no circumstances can occupational health and safety be undermined; the Company strives to provide a safe working environment for all its employees. The Company allocates resources to continuously improve its occupational health and safety performance and to protect its employees from potential occupational hazards.

In particular, the Company's agricultural segment gives utmost importance to a safe pesticide deployment workflow. Work instructions are provided to employees regarding concentrations and intervals of pesticide deployment. To further increase the safety margin, appropriate personal protective equipment is also provided to employees.

The Company has complied with the relevant occupational health and safety laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and has no violation during the Year.

The outbreak of the novel coronavirus (2019-nCoV) in Wuhan, has become the latest challenge for the health authorities in Hong Kong and Mainland China, the Group has adopted several policies to protect its staff:

— Perform disinfection at all public area of the Company on a timely basis;

— Provide masks and disinfection supplies to all front line staff;

— Request each staff to report their health status every day; and

— Request each department head to monitor the health status of its staff on a timely basis.

Occupational Health and Safety Data
Information on work accidents are set out below:

	2019		2018	
Health and Safety	**Male**	**Female**	**Male**	**Female**
Number of work-related fatalities	**0%**	**0%**	0%	0%
Lost days due to work injury	**0%**	**0%**	0%	0%

During the Year, the Group has had no non-compliance cases regarding violation of relevant laws and regulations on occupational health and safety.

B3 *Development and Training*

The Company treasures talents as a crucial asset and cornerstone of the Company's long-term growth. Suitable training and experience-sharing occasions are frequently provided to employees so that all employees may advance their technical knowhow and refine their soft skills.

To advance junior staff members in their profession, the Company assigns experienced mentors to train and guide them in close collaboration, creating a sustainable ladder of talents which can fuel the progression of the Company.

B4 Labour Standard

The Company strictly forbids child labour and forced labour, and conforms fully to the relevant laws and regulations to avert these immoral practices. The Company's wages and working hours are in compliance with legislative requirements to ensure that employees are treated in a lawful and respectful manner. In the recruitment process, the Company is prudent in confirming that candidates are of a legal age through vigorous inspection.

The Company has complied with the relevant laws and regulations on child and forced labour, and has no violation in 2019.

B5 Supply Chain Management

The Company's agriculture segment recurrently procures seeds, fertilisers and pesticides from suppliers. As laid out in the Company's guiding principle in organic fertilizers and conventional counterparts, organic fertilizers are encouraged as a primary approach and as such procurement of organic fertilisers is prioritised by the Company. In order to ensure the legality of the pesticides deployed, the Company selects only qualified suppliers of pesticides permitted by the relevant authorities.

The Company annually reviews the performance of its suppliers, including their product quality, environmental record as well as legitimacy.

B6 Product Responsibility

The agricultural segment of the Company has been one of the qualified corporations exporting fresh vegetables to Hong Kong, and attaches great importance to its product responsibility and food safety. The Company prudently adheres to the terms of its qualification requirements to ensure that the quality of the soil and the irrigation water complies with the statutory standards, and that the farmland's surroundings are free from sources of contamination that may affect food safety. Over the years, the Company has established comprehensive management systems in pesticide, stock and product quality, as well as the capability to test for pesticide residues to meet product safety requirements.

The deployment of pesticide is precisely logged to warrant a safety margin for pesticide to decay before harvesting. Subsequently, crops are sample-tested for pesticide residue two to three days prior to the scheduled harvest. Finally, only if the residue test is passed, the crops can be harvested and shipped.

A system of high level of product traceability is also maintained by the Company. Each batch of product is traceable to the level of plot of production site, date of harvest, quality test result, etc., so as to offer quality assurance to our customers.

Over the years, the Company has been accredited by government authorities, including the Department of Agriculture of Guangdong Province and the Agriculture, Fisheries and Conservation Department of Hong Kong SAR as an Agricultural Export Products Demonstration Base (農產品出口示範基地) and an Accredited Farm (信譽農場) respectively.

Being recognized of its determination and satisfactory outcomes in attaining quality products, the Company has been awarded with many certificates and awards, including a Certificate of Pollution-Free Agricultural Products (無公害農產品證書), a Certificate of Guangdong Province Top Brand Products (廣東省名牌產品證書), a Certificate of Famous Trademarks of Guangzhou City (廣州市著名商標證書), and a Quality Award (質量強區獎狀) from the Agricultural Products Quality and Safety Centre at the Ministry of Agriculture of the People's Republic of China (農業部農產品質量安全中心), the Guangdong Province Top Brand Products (Vegetables) Promotion Committee (廣東省名牌產品(農業菜)推進委員會), the Administration of Industry and Commerce of Guangzhou Municipality (廣州市工商行政管理局) and the People's Government of Conghua District (從化區人民政府) respectively.

The Company's money lending segment places great importance on its product responsibility to an extent no less than the agricultural segment. The Company's money lending business possesses a money lender's licence under the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong and fully observes the corresponding licensing conditions; whereas the operation in Shenzhen, the PRC observes the Guidance on Pilot Small Loan Companies (關於小額貸款公司試點的指導意見) issued by Shenzhen Municipal Financial Service Office (深圳市人民政府金融發展服務辦公室).

The Company refrains from lending money to any intended borrower who has entered into any third-party agreement with third party in relation to the loan unless the third party identified fulfils specific conditions stipulated in the money lender's licence and the internal management approach required by the relevant authority.

The Company gives explanation to the intending borrower of all the terms of the agreement, in particular, the terms in relation to repayment. Any advertisement in relation to the money lending business issued or published by the Company contains the Company's telephone hotline for handling complaints and a risk warning statement.

The Company also refrains from obtaining or collecting personal data of any person from another person or use such personal data obtained or collected from another person for the purpose of or in relation to the money lender's business unless the circumstance is not in contravention of the provisions of the Personal Data (Privacy) Ordinance, Cap. 486, Laws of Hong Kong. The Company also takes all feasible steps and measures to confirm that personal data collected in the course of its business is protected against unauthorized or accidental access, processing, erasure or other use by any debt collectors, and at all times complies with the Personal Data (Privacy) Ordinance, Cap 486, Laws of Hong Kong, in the collection, use, holding and processing of such information or personal data.

During the Year, the Group did not have any recalled products and did not receive any complaints from its customers in relation to either its quality of service or products. The Group has had no non-compliance cases regarding violations of relevant laws and regulations on product responsibility and data privacy.

B7 Anti-corruption

Being a responsible corporate citizen, the integrity of all management personnel and staff is of paramount importance to the Company. The Company has established a code of ethical conduct which has been conveyed to all employees to stipulate ethical standards and to guide staff in handling conflicts of interest. The code of ethical conduct entails all employees to obey antibribery laws and prohibits any employee from accepting any kind of improper payment or loan from external business parties, or the other way around. The Company's policy encourages all employees to report violations or suspected breach of the code or any unethical behaviour by any employee.

In respect of the Company's money lending business, the Company attaches importance to compliance with the Anti-money Laundering Ordinance in Hong Kong, the Financial Institutions Anti-money Laundering Regulation (金融機構反洗錢規定) issued by the People's Bank of China (中國人民銀行) and other ordinances which combat money laundering and terrorist financing. The Company established policy and procedures to govern the operation process, which include prudent due diligence to identify and verify the customer and beneficial owner, as well as the purpose and intended nature of the business relationship, constant monitoring to identify and report suspicious activities or transactions, comprehensive record keeping and staff awareness training.

The Company has complied with the relevant anti-corruption and anti-money laundering laws and regulations, and has no violation in 2019.

B8 Community Investment

Productive relationship with the community is the only sustainable way for the Company to gain ground in the market. The Company is therefore committed to handling all opinions and feedbacks from the community in a dynamic, friendly and responsive manner. The Company longs to contribute to the community just as many other successful corporations do. Employment opportunities brought about by the Company's investment are much welcomed by the locals, and the Company is committed to prioritising locals for employment opportunities whenever appropriate to echo with our mutually-beneficial relationship.

3 FUTURE DIRECTIONS FROM THE GROUP

Future direction would be discussed with Company's stakeholders in the next reporting period.

4 CONCLUSION

The Group has conducted the ESG report in accordance with the ESG Guide, all the information available for the reporting period are included in this report. The Group is committed to continue the ESG reporting on a regular basis and to improve on policies and procedures to the management, measurement and monitoring system of the ESG related strategies that will facilitate a more sustainable business growth.

REPORT OF THE DIRECTORS

The Directors of China Finance Investment Holdings Limited presents their report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is as an investment holding company. The principal activities and other particulars of its subsidiaries as at 31 December 2019 are set out in note 41 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 53 to 151.

DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2019 to the holders of both ordinary shares and preference shares of the Company (2018: Nil).

No arrangement under which a shareholder has waived or agreed to waive any dividends was made by the Company.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the past five financial years is set out on page 152.

BORROWINGS

Details of borrowings during the year are set out in notes 27, 28, 29 and 30 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the consolidated financial statements and the consolidated statement of changes in equity on page 57, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company did not have any reserves available for distribution, as computed in accordance with the Companies Act 1981 of Bermuda (2018: Nil). The Company's share premium account of HK$875,829,000 (2018: HK$806,341,000) could be distributed in the form of fully paid bonus shares.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 41 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-Laws of the Company or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

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

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the largest customer and the five largest customers of the Group accounted for approximately 16% and 56%, respectively, of the total turnover of the Group for the year ended 31 December 2019.

The aggregate purchases attributable to the largest supplier and the five largest suppliers of the Group accounted for approximately 12% and 58%, respectively, of the total purchases of the Group for the year ended 31 December 2019.

None of the Directors, their associates or any shareholders (which to the best knowledge of the Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers or suppliers during the year ended 31 December 2019.

BUSINESS REVIEW AND PERFORMANCE

Business Review

The business review and outlook and an analysis of the Group's performance for the Reporting Period is set out in the section headed "Management's Discussion and Analysis" on pages 4 to 13 of this report.

Principal Risks and Uncertainties

A natural disaster, catastrophe or other acts of God, which are beyond our control, could materially adversely affect the environment, infrastructure and livelihood of people in the regions where we operate. The Group's agricultural produce business is, by nature, subject to a high degree of exposure to the risks of natural disasters and adverse weather conditions such as droughts, flood, windstorms, frost and pests.

The financial risk factors are set out in note 4 to the consolidated financial statements.

Compliance with laws and regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. During the Reporting Period and up to the date of this annual report, to the best knowledge of the Company, there was no material non-compliance with the laws and regulations that has a significant impact on the business and operations of the Group.

Key Relationships with Employees, Customers and Suppliers

The Group has always paid great attention to and maintained a good working relationship with its suppliers of raw materials, and has been providing quality professional and customer-oriented services for its regional markets and customers. The aforementioned suppliers and customers are good working partners creating value for the Group. The Group also values the knowledge and skills of its employees, and continues to provide favourable career development opportunities for its employees.

CORPORATE GOVERNANCE AND MODEL CODE

The Company has complied with the Code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2019, except for the deviation disclosed in the Corporate Governance Report of the Company.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the Model Code. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct adopted by the Company during the year.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Details of environmental policies and performance are set out in the "Environmental, Social and Governance Report" in this annual report.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in note 11 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. Lin Yupa	*(appointed on 18 April 2019)*
Ms. Diao Jing	
Ms. Diao Hong	*(retired on 14 June 2019)*

Non-executive Director

Mr. Lin Yuhao *(Chairman)*

Independent Non-executive Directors

Mr. Li Shaohua
Ms. Zhu Rouxiang
Ms. Li Yang

Biographical details of Directors and senior management of the Company are set out on pages 14 to 15.

RE-ELECTION OF DIRECTORS

Pursuant to bye-law 99 of the Bye-Laws and Appendix 14 of the Listing Rules, Ms. Zhu Rouxiang and Ms. Li Yang will retire at the forthcoming annual general meeting ("AGM") and, being eligible, will offer themselves for re-election.

None of the Directors being proposed for re-election at the forthcoming AGM of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensations, other than statutory compensation.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director of the Company or the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2019.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year ended 31 December 2019.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Group's controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or its subsidiaries subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the shares of the Company:

Name of directors	Capacity	Class of shares	Number of shares held	Percentage of shareholding in class
Lin Yuhao	Interest in a controlled corporation	Ordinary shares *(Note 1)*	4,315,087	4.31%
	Beneficial owner	Share Options *(Note 2)*	1,539,948	1.54%
Diao Jing	Beneficial owner	Ordinary shares	560,332	0.56%
	Beneficial owner	Share Options *(Note 2)*	945,216	0.94%
Lin Yupa	Beneficial owner	Share Options *(Note 2)*	1,370,216	1.37%

Notes:

1. 4,315,087 ordinary shares of the Company were held by Sino Richest Investment Holdings Limited, which is wholly and beneficially owned by Mr. Lin Yuhao.

2. These represented the interests in underlying shares in respect of share options granted by the Company, details of which are disclosed in section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 31 December 2019, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the shares and underlying shares of the Company:

Name of shareholder	Capacity	Class of shares	Number of shares held	Percentage of shareholding
Sino Richest Investment Holdings Limited *(Note 1)*	Beneficial owner	Ordinary shares	4,315,087	4.31%

Notes:

1. Sino Richest Investment Holdings Limited, which held 4,315,087 ordinary shares of the Company, is wholly and beneficially owned by Mr. Lin Yuhao.

Save as disclosed above, the Company had not been notified any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 December 2019.

EQUITY LINKED AGREEMENT

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

Share Option Scheme

The Company has adopted a share option scheme (the "Scheme") which was effective from 6 June 2013. The Scheme is operated for the purpose of providing incentives and rewards to eligible participants, representing (a) any eligible employee (being full time employee, including any executive director, of the Company, its subsidiaries or associated companies); (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or associated companies; (c) any suppliers or customers of goods or services of the Group; (d) any person or entity that provides research, development or other technological support or professional advices to the Group; and (e) any shareholder of any member of the Group or any associated companies or any holder of any securities issued by any member of the Group, who contribute to the success of the Group's operations. Further details of the Scheme are disclosed in the circular of the Company dated 25 April 2013 and note 35 to the financial statements. Share options of 9,452,158 were granted during the year ended 31 December 2019. Share options of 5,501,157 and 520,431 were exercised and cancelled/lapsed during the year. There were outstanding share options of 7,718,525 as at 31 December 2019.

Save as above and disclosed in the section headed "DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES" above, at no time during the year ended 31 December 2019 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 debt securities (including debentures) of, the Company or any other body corporate and neither the Directors nor the chief executives of the Company, or any of their spouses or children under the age of 18, had any rights to subscribe for the equity or debt securities of the Company, or had exercised any such rights.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

CONNECTED TRANSACTIONS

The Group was not a party to any connected transactions during the year.

CORPORATE GOVERNANCE PRACTICE

A report on the corporate governance practices of the Company is set out on pages 16 to 28 of this report.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2019 and up to the date of this report, there was or is permitted indemnity provision in the Bye-laws of the Company being in force. The Company has maintained Directors' and officers' liability insurance throughout the year, which provides appropriate cover certain legal actions brought against its Directors and officers arising out of corporate activities.

The Director's and officers' liability insurance remained in force as of the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this report.

EVENTS AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in note 39 to the financial statements.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 December 2015, 31 December 2016 and 31 December 2017 were audited by Elite Partners CPA Limited ("Elite Partners"). Elite Partners resigned as auditor of the Group with effect from 30 November 2018 and World Link CPA Limited ("World Link") was appointed on 30 November 2018 as the new auditor to fill the causal vacancy. The consolidated financial statements of the Group for the year ended 31 December 2018 was audited by World Link. World Link resigned as auditor of the Group with effect from 19 December 2019 and McMillan Woods (Hong Kong) CPA Limited ("McMillan Woods") was appointed on 19 December 2019 as the new auditor to fill the causal vacancy. The consolidated financial statements of the Group for the year ended 31 December 2019 have been audited by McMillan Woods. A resolution for the re-appointment of McMillan Woods as the auditor of the Company will be proposed at the forthcoming AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020, both days inclusive, during the period no transfers of shares of the Company will be registered. In order to qualify for attending and voting at the 2020 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 9 June 2020.

For identification purpose only

By order of the Board

LIN Yuhao
Chairman
Hong Kong, 27 March 2020

INDEPENDENT AUDITOR'S REPORT

McMillanWoods
Professionalism at the forefront

TO THE MEMBERS OF CHINA FINANCE INVESTMENT HOLDINGS LIMITED
(incorporated in the Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Finance Investment Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 151, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institution of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements which reveals that the Group incurred a loss of approximately HK$59,584,000 with net cash outflow from operating activities before working capital changes of approximately HK$33,227,000 for the year ended 31 December 2019 and as at 31 December 2019, the Group had bank balances and cash of approximately HK$37,267,000, in contrast, the Group's convertible bonds of approximately HK$40,712,000 was overdue. In addition, the Group's promissory notes, bonds and bank and other borrowings of approximately HK$27,250,000, HK$31,340,000 and HK$145,837,000 respectively are subject to be fully repaid within the next twelve months or on demand as disclosed in notes 28, 29 and 30 to the consolidated financial statements respectively. Based on the current liquidity position of the Group, the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group will be able to successfully achieve the outcomes as set forth in note 2.1 to the consolidated financial statements to meet its overdue financial obligations from time to time. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are: (i) impairment and recoverability of the Group's trade and loan receivables; and (ii) impairment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
(i) Impairment and recoverability of the Group's trade and loan receivables	
Refer to the summary of significant accounting policies in note 2.3, critical judgements and key estimates in note 3 and the disclosures of trade and loan receivables in notes 23 and 24 to the consolidated financial statements. The measurement of forward-looking expected credit loss ("ECL") approach requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors. Due to the significant amount of trade and loan receivables (with carrying amount representing 80% of total assets) and the corresponding uncertainty inherent in such estimates, we considered this as a key audit matter.	Our procedures in relation to this matter included: Evaluating the design, implementation and operating effectiveness of key internal controls over credit control, trade receivables and debt collection and estimate of ECL; Assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including the economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there was an indication of management bias when recognising loss allowances; Inspected settlements after the financial year end relating to the trade and loan receivables as at 31 December 2019; and We also assessed the disclosures made in the consolidated financial statements in relation to the Group's credit risk exposure.

Key Audit Matter	How our audit addressed the Key Audit Matter
(ii) Impairment of goodwill	
Refer to the summary of significant accounting policies in note 2.3, critical judgements and key estimates in note 3 and the disclosures of goodwill in note 18 to the consolidated financial statements. For the year ended 31 December 2019, the Group had made impairment losses of goodwill attributable to the cash-generating unit of Shenzhen Taihengfeng Technology Company Limited of approximately HK$15,777,000 which were significant to the Group's financial performance due to a higher degree of complexity, and the significance of management's judgements and unobservable inputs involved in the valuations. An impairment assessment is performed by management annually or when there are indicators of impairment by comparing the carrying amount and the recoverable amount of the asset or the cash-generating unit to which the asset relates. The impairment was assessed by the management based on valuation performed by an independent company of professional valuer ("Valuer") engaged by the Group. The impairment assessment is significant to our audit due to the significant judgements and estimates involved in determining the recoverable amount of the cash-generating unit to which the goodwill is allocated, including, amongst others, expected future cash flows and discount rates.	Our procedures in relation to this matter included: We discussed with management about the technological, market, economic and legal environment and economic performance of cash-generating unit which the goodwill relates to assess management's identification of impairment indicators; We assessed the key assumptions used in management's cash flow projections for impairment assessment of goodwill, including, amongst others, expected future cash flows and discount rates; In addition, we engaged a valuation specialist to assist us in evaluating the discount rates adopted in the value-in-use calculations using cash flow projections; and We also assessed the adequacy of disclosures in connection with the impairment assessment of goodwill.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2018, were audited by another auditor who expressed a modified opinion on those statements on 28 March 2019.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all the information included in the Company's annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the 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 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 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 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 in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Lo Ka Ki
Audit Engagement Director
Practising Certificate Number P06633

3/F., Winbase Centre,
208 Queen's Road Central,
Hong Kong

Hong Kong, 27 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** **HK$'000**	2018 HK$'000 (Re-presented)
Revenue	*6*	**311,422**	176,198
Cost of sales and services rendered		**(299,863)**	(125,029)
Gross profit		**11,559**	51,169
Other gains	*7*	**37,832**	8,660
Gain from fair value change less costs to sell of biological assets		**–**	1,071
Selling and distribution expenses		**(2,214)**	(28,789)
Administrative expenses		**(54,668)**	(54,761)
Other operating expenses	*8*	**(32,785)**	(64,897)
Share of result of an associate		**–**	(44,128)
Finance costs	*9*	**(15,089)**	(22,053)
Loss before taxation	*10*	**(55,365)**	(153,728)
Income tax expense	*12*	**(4,219)**	(4,866)
Loss for the year		**(59,584)**	(158,594)
Other comprehensive income, net of tax:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translating foreign operations		**2,323**	1,363
Loss and total comprehensive income for the year attributable to owners of the Company		**(57,261)**	(157,231)

	Note	2019 HK$'000	2018 HK$'000 (Re-presented)
Loss attributable to owners of the Company:			
Owners of the Company		**(59,582)**	(158,594)
Non-controlling interests		**(2)**	–
		(59,584)	(158,594)
Total comprehensive loss attributable to owners of the Company:			
Owners of the Company		**(57,259)**	(157,231)
Non-controlling interests		**(2)**	–
		(57,261)	(157,231)
Loss per share (HK$)			
Basic	*14*	**(0.73)**	(2.84)
Diluted	*14*	**(0.73)**	(2.84)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	16	**44,651**	47,299
Right-of-use assets	17	**33,149**	–
Goodwill	18	**–**	15,777
Investment in an associate	19	**–**	–
Other non-current assets	20	**730**	–
		78,530	63,076
Current assets			
Inventories	21	**12,265**	12,880
Trade and other receivables	23	**288,596**	94,346
Loan receivables	24	**222,001**	257,621
Bank balances and cash	25	**37,267**	4,834
		560,129	369,681
Assets associated with disposal group held for sale	15	**–**	21,273
		560,129	390,954
Current liabilities			
Trade and other payables	26	**139,484**	54,560
Convertible bonds	27	**40,712**	41,577
Bonds	28	**31,340**	40,975
Promissory notes	29	**27,250**	–
Bank and other borrowings	30	**145,837**	79,822
Finance lease payables	31	**–**	171
Lease liabilities	31	**9,916**	–
Deferred income	32	**1,033**	1,081
Tax payables		**13,982**	10,455
		409,554	228,641
Liabilities associated with disposal group held for sale	15	**–**	11,410
		409,554	240,051
Net current assets		**150,575**	150,903
Total assets less current liabilities		**229,105**	213,979

	Note	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	33	**1,030**	12,354
Reserves	34	**182,027**	169,971
Equity attributable to owners of the Company		**183,057**	182,325
Non-controlling interests		**568**	–
Total equity		**183,625**	182,325
Non-current liabilities			
Bank and other borrowings	30	**6,705**	–
Lease liabilities	31	**35,557**	–
Promissory notes	29	**–**	27,250
Finance lease payables	31	**–**	73
Deferred income	32	**3,218**	4,331
		45,480	31,654
		229,105	213,979

Approved and authorised for issue by the board of directors on 27 March 2020.

LIN Yuhao
Chairman

DIAO Jing
Director

The notes on pages 60 to 151 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital	Share premium	Contributed surplus	Convertible bonds equity reserve	Foreign currency translation reserve	Share option reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		35(b)(i)	35(b)(ii)	35(b)(iii)	35(b)(iv)	35(b)(v)				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2017	102,991	781,664	61,432	–	6,784	214,419	(835,278)	332,012	–	332,012
Impact on initial application of HKFRS 9	–	–	–	–	–	–	(28,967)	(28,967)	–	(28,967)
1 January 2018, as restated	102,991	781,664	61,432	–	6,784	214,419	(864,245)	303,045	–	303,045
Loss and total comprehensive income for the year	–	–	–	–	1,363	–	(158,594)	(157,231)	–	(157,231)
Appropriation to statutory reserve	–	–	2,654	–	–	–	(2,654)	–	–	–
Issue of convertible bonds (note 27)	–	–	–	2,127	–	–	–	2,127	–	2,127
Issue of ordinary shares from conversion of convertible bonds (note 33)	9,218	11,943	–	(700)	–	–	–	20,461	–	20,461
Reduction of share capital (note 33)	(100,961)	–	100,961	–	–	–	–	–	–	–
Setting off accumulated loss (note 33)	–	–	(100,961)	–	–	–	100,961	–	–	–
Recognition of share-based payment (note 35)	–	–	–	–	–	3,947	–	3,947	–	3,947
Lapse of share options (note 35)	–	–	–	–	–	(79,333)	79,333	–	–	–
Issue of ordinary shares under share option scheme (notes 33, 35)	1,106	12,734	–	–	–	(3,864)	–	9,976	–	9,976
Changes in equity for the year	(90,637)	24,677	2,654	1,427	1,363	(79,250)	19,046	(120,720)	–	(120,720)
At 31 December 2018	12,354	806,341	64,086	1,427	8,147	135,169	(845,199)	182,325	–	182,325
Impact on initial application of HKFRS 16	–	–	–	–	–	–	(14,705)	(14,705)	–	(14,705)
1 January 2019, as restated	**12,354**	**806,341**	**64,086**	**1,427**	**8,147**	**135,169**	**(859,904)**	**167,620**	**–**	**167,620**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**2,323**	**–**	**(59,582)**	**(57,259)**	**(2)**	**(57,261)**
Appropriation to statutory reserve	**–**	**–**	**1,104**	**–**	**–**	**–**	**(1,104)**	**–**	**–**	**–**
Issue of convertible bonds (note 27)	**–**	**–**	**–**	**3,393**	**–**	**–**	**–**	**3,393**	**–**	**3,393**
Issue of ordinary shares from conversion of convertible bonds (note 33)	**329**	**59,259**	**–**	**(3,393)**	**–**	**–**	**–**	**56,195**	**–**	**56,195**
Reduction of share capital (note 33)	**(11,707)**	**–**	**11,707**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Setting off accumulated loss (note 33)	**–**	**–**	**(11,707)**	**–**	**–**	**–**	**11,707**	**–**	**–**	**–**
Recognition of share-based payment (note 35)	**–**	**–**	**–**	**–**	**–**	**6,759**	**–**	**6,759**	**–**	**6,759**
Lapse of share options (note 35)	**–**	**–**	**–**	**–**	**–**	**(17,919)**	**17,919**	**–**	**–**	**–**
Incorporation of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**570**	**570**
Issue of ordinary shares under share option scheme (notes 33, 35)	**54**	**10,229**	**–**	**–**	**–**	**(3,934)**	**–**	**6,349**	**–**	**6,349**
Changes in equity for the year	**(11,324)**	**69,488**	**1,104**	**–**	**2,323**	**(15,094)**	**(31,060)**	**15,437**	**568**	**16,005**
At 31 December 2019	**1,030**	**875,829**	**65,190**	**1,427**	**10,470**	**120,075**	**(890,964)**	**183,057**	**568**	**183,625**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Re-presented)
Cash flows from operating activities			
Loss before taxation		**(55,365)**	(153,728)
Adjustments for:			
Interest income		**(11)**	(5)
Depreciation of right-of-use assets		**8,335**	–
Depreciation of property, plant and equipment		**7,883**	10,029
Share-based payment expenses		**6,759**	3,947
Finance costs		**15,089**	22,053
Amortisations of deferred income		**(1,501)**	(2,376)
Impairment losses of goodwill		**15,777**	34,955
Reversal of impairment of loan receivables		**(32,265)**	–
Impairment losses of trade receivables		**4,964**	–
Impairment losses of other receivables		**46**	–
Impairment losses of loan receivables		**–**	8,496
Gain on disposal of items of property, plant and equipment		**–**	(2,096)
Non-bank interest income		**(11)**	(29)
Gain from fair value change less costs to sell of biological assets		**–**	(1,071)
Allowance for inventories		**410**	–
Reversal of impairment of trade receivables		**(342)**	(1,808)
Reversal of impairment of other receivables		**(930)**	(1,132)
Reversal of impairment of inventories		**–**	(60)
Gain on disposal of a subsidiary		**–**	(100)
Gain on deregistration of a subsidiary	*38(a)*	**(1,065)**	–
Share of result of an associate		**–**	44,128
Operating loss before working capital changes		**(32,227)**	(38,797)
Decrease/(increase) in inventories		**205**	(11,737)
Decrease in biological assets		**–**	2,659
Increase in trade and other receivables		**(196,478)**	(73,810)
Decrease in loan receivables		**67,885**	1,081
Increase in trade and other payables		**73,663**	15,955
Cash used in operations		**(86,952)**	(104,649)
Finance lease charges paid		**–**	(14)
Income tax paid		**(50)**	(17)
Interest received		**11**	5
Interest on lease liabilities		**(4,920)**	–

	Note	2019 HK$'000	2018 HK$'000 (Re-presented)
Net cash used in operating activities		**(91,911)**	(104,675)
Cash flows from investing activities			
Purchase of items of property, plant and equipment		**(5,370)**	(16,115)
Proceeds from disposal of items of property, plant and equipment		**–**	2,629
Proceeds from disposal of a subsidiary		**–**	100
Receipt of government grants		**424**	1,216
Net cash used in investing activities		**(4,946)**	(12,170)
Cash flows from financing activities			
Capital element of lease payments (2018: Repayment of finance lease payables)		**(9,209)**	(164)
Proceeds from issue of bonds		**–**	11,310
Proceeds from issue of convertible bonds		**58,092**	61,200
Transaction costs on issue of convertible bonds		**(149)**	(136)
Proceeds from shares issued from exercise of share options		**6,348**	9,976
Proceeds from inception of bank and other borrowings		**194,907**	114,791
Repayment of bonds		**(12,293)**	–
Repayment of convertible bonds		**(3,000)**	–
Repayment of bank and other borrowings		**(123,623)**	(76,109)
Net cash from financing activities		**111,073**	120,868
Net increase in cash and cash equivalents		**14,216**	4,023
Cash and cash equivalents at 1 January		**23,192**	19,536
Net effect of foreign exchange rate changes		**(141)**	(367)
Cash and cash equivalents at 31 December		**37,267**	23,192
Analysis of cash and cash equivalents			
Cash and bank balances	*25*	**37,267**	23,192
		37,267	23,192

1. GENERAL INFORMATION

China Finance Investment Holdings Limited (the "Company") was incorporated in Bermuda as an exempted Company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business is Suite 1510, 15/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries are set out in note 41 to the consolidated financial statements.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are discussed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for current and prior accounting periods reflected in these consolidated financial statements.

2.1 BASIS OF PREPARATION (CONTINUED)

Material uncertainty related to going concern

For the year ended 31 December 2019, the Group incurred a loss of approximately HK$59,584,000 with net cash outflow from operating activities before working capital changes of approximately HK$32,227,000 and as at 31 December 2019, the Group had bank balances and cash of approximately HK$37,267,000, in contrast, the Group's convertible bonds of approximately HK$40,712,000 was overdue. In addition, the Group's promissory notes, bonds and bank and other borrowings of approximately HK$27,250,000, HK$31,340,000 and HK$145,837,000 respectively are subject to be fully repaid within the next twelve months or on demand as disclosed in notes 28, 29 and 30 to the consolidated financial statements. Based on the current liquidity position of the Group, the Group might have financial uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group.

The validity of the Group to operate as a going concern is dependent upon the successful outcomes of the Group to (i) attain profitable and positive cash flows from operations; and (ii) renew or extend the existing borrowings, complete debt financing or obtain new credit line, at a level sufficient to finance the working capital requirements and financial obligations of the Group. Having considered the above scenarios, the directors considered that it is appropriate to adopt the going concern in preparing these consolidated financial statements.

In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group has taken the following measures:

- the directors of the Company have been taking various cost control measures to tighten the costs of operations and implementing various strategies to enhance the Group's revenue;

- capitalisation of outstanding other loans amounting to approximately HK$56,000,000 payable to Mr. Lin Yuhao, a non-executive director of the Company, as part of the consideration for subscription of 200,000,000 ordinary shares of the Company at subscription price of HK$0.65 each under the specific mandate and the whitewash waiver ("Subscription"). Details are set out in note 39(a) to the consolidated financial statements;

- the Directors will not demand for repayment of other borrowings payable to them after completion of the Subscription until the Group is financially capable to do so;

- negotiating with bankers and lenders to extend the repayment terms of bank and other borrowings;

- proceeds of approximately HK$74,000,000 to be received upon completion of the Subscription; and

- after completion of the Subscription, Mr. Lin Yuhao agreed to remain supportive and committed to the Group financially to further develop and manage the Group's operation continuously.

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group together with the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due for the next twelve months. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Company's results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, (HK) IFRIC 4 Determining whether an Arrangement contains a Lease, (HK) SIC 15 Operating Leases-Incentives and (HK) SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact or leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

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

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

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

(b) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 10%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in a similar economic environment;

(iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(iv) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

(b) Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 36 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018 in note 36 to the consolidated financial statements	67,040
Less: total future interest expenses	(15,747)
Exchange difference	(6,308)
Present value of remaining lease payments, discounted using the incremental borrowing rate of 10% and lease liabilities recognised as at 1 January 2019	44,985
Add: finance lease liabilities recognised as at 31 December 2018	244
Lease liabilities recognised as at 1 January 2019	45,229
Of which are:	
Current lease liabilities	7,136
Non-current lease liabilities	38,093
	45,229

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of consolidated financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance leases payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

(b) Lessee accounting and transitional impact (Continued)

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	*Note*	Carrying amount as at 31 December 2018 HK$'000	Effects of adoption of HKFRS 16 Re-classification HK$'000	Effects of adoption of HKFRS 16 Recognition of leases HK$'000	Carrying amount as at 1 January 2019 HK$'000
Assets					
Right-of-use assets		–	–	30,280	30,280
Liabilities					
Lease liabilities		–	244	44,985	45,229
Finance lease payables	*(i)*	244	(244)	–	–

Note:

(i) The Group reclassified the obligation under finance leases of approximately HK$171,000 and HK$73,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

(c) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element (note 38(b)). These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement (note 38(c)).

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

(c) *Impact of the financial results and cash flows of the Group (Continued)*

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: estimated amounts related to operating lease as if under HKAS 17 (note 1)**	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operation	**(40,276)**	**8,335**	**(13,951)**	**(45,892)**	(131,675)
Finance costs	**(15,089)**	**4,920**	**–**	**(10,169)**	(22,053)
Loss before tax and loss for the year	**(55,365)**	**13,255**	**(13,951)**	**(56,061)**	(153,728)

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(a) Application of new and revised HKFRSs (Continued)

(c) Impact of the financial results and cash flows of the Group (Continued)

	2019			2018
	Amounts reported under HKFRS 16 HK$'000	Estimated amounts related to operating leases as if under HKAS 17 (note(s) 1 & 2) HK$'000	Hypothetical amounts for 2019 as if under HKAS 17 HK$'000	Compared to amounts reported for 2018 under HKAS 17 HK$'000
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	**(86,952)**	**(13,951)**	**(100,903)**	(104,649)
Interest element of lease rentals paid	**(4,920)**	**4,913**	**(7)**	–
Net cash used in operating activities	**(91,911)**	**(9,038)**	**(100,949)**	(104,675)
Capital element of lease rentals paid	**(9,209)**	**9,038**	**(171)**	–
Net cash from financing activities	**111,073**	**9,038**	**120,111**	120,868

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no difference between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash used in operating activities and net cash from financing activities as if HKAS 17 still applied.

2.2 ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

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

2.3 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. goodwill and share-based payments that are measured at fair value).

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

All intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	Over the term of the lease but not exceeding 20 years
Leasehold land and buildings	Over the term of the lease but not exceeding 20 years
Leasehold improvements	Over the term of the lease but not exceeding 20 years
Office equipment	3 to 5 years
Motor vehicles	3 to 5 years
Plant, machinery and equipment	5 to 10 years
Furniture and fixtures	3 to 10 years
Bearer plants	Over the term of lease

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

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

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the asset's or disposal group's previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

– The post-tax profit or loss of the discontinued operation; and

– The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associate

Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's entire carrying amount of that associate (including goodwill) and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be whether finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised in the profit or loss in the period of write-down or loss occurs. The amount of any reversal of any write-down of inventories recognised as an increment in the amount of inventories and recognised in the profit or loss in the period in which the reversal occurs.

(h) Biological assets

Biological assets are measured at fair value less costs to sell. Costs to sell include the incremental selling costs, including estimated costs of packing and transport to the market but exclude finance costs.

The blueberry trees, fig trees and Dendrobium officinale Kimura et Migo are bearer plants and are therefore presented and accounted for as property, plant and equipment, see note 16. However, the fresh fruit bunches growing on the trees is accounted for as biological assets until the point of harvest. Harvested fresh fruit bunches are transferred to inventory at fair value less costs to sell when harvested.

Changes in fair value of fresh fruit bunches on trees are recognised in the statement of profit or loss.

Farming costs such as labour costs, fertilisers and transportation charges are capitalised as part of biological assets.

The fair value of growing fresh fruit bunches is determined using a discounted cash flow model based on the expected yield by plantation size, the market price after allowing for harvesting costs, contributory asset charges for the land and trees owned by the entity and other costs yet to be incurred in getting the fruit bunches to maturity.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at 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 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial assets

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 marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

Trade and other receivables are recognised when the Group has unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade and other receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents. Cash and cash equivalents are assessed for ECL.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity 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 under HKFRSs. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(o) Convertible bonds

Convertible bonds which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible bonds and the fair value assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as convertible bonds equity reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption.

Transaction costs are apportioned between the liability and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion related to the equity component is charged directly to equity.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

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

(r) Operating leases

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets not exceeding 5 years.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in lease liabilities.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases 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 leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the rewards and risks and rewards incidental to of ownership of an underlying assets to the lessee Group, other than legal title, are accounted for as finance leases.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating leases (Continued)

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

(s) Revenue recognition

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of agricultural produce is recognised when control of the agricultural produce has transferred, being when the agricultural produce have been dispatched to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the agricultural produce, has the primary responsibility when on selling the agricultural produce and bears the risks of obsolescence and loss in relation to the agricultural produce. A receivable is recognised by the Group when the agricultural produce are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (Continued)

For all financial instruments measured at amortised cost and interest-bearing financial instruments, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset is adjusted if the Group revises its estimates of receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in the carrying amount is recorded as interest income.

Once the value of a financial asset or a group of similar financial assets had been reduced due to an impairment loss, interest income continues to be recognised using the original effective interest rate applied to the new carrying amount.

Commission and brokerage income, such as the arrangement of the acquisition of shares or other securities, are recognised on completion of the underlying transaction.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants that become 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.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Taxation (Continued)

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Impairment of financial assets

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loan receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade and other receivables and loan receivables, and measures the lifetime ECL for portfolios of trade and other receivables and loan receivables that share similar economic risk characteristics. The ECL on these assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimates of the credit losses is determined 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL ("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 instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

– 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 for a particular financial instrument;

– 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;

– significant increases in credit risk on other financial instruments of the same debtor; and

– 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 on a financial asset 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 demonstrate otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default (i.e. no default history); (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 financial instrument to have low credit risk when it has internal or external credit rating of "investment grade" as per globally understood definition.

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.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Impairment of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– 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 analysis, the Group also considers that default has occurred when the instrument 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.

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:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

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

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– The disappearance of an active market for that financial asset because of financial difficulties.

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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade and loan receivables, when the amounts are past due over one year, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised directly in profit or loss.

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 as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of each reporting period.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured to cater for cases where evidence of significant increase in credit risk at the individual instrument level may not yet be available. The financial instruments are grouped on the following basis:

– Nature of financial instruments;

– 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.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(aa) Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

2.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Related parties (Continued)

(B) An entity is related to the Group if any of the following conditions applies: (Continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in (A);

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

(ab) Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

(ac) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which is dependent upon the successful outcomes of the Group as set forth in note 2.1 to the consolidated financial statements to (i) attain profitable and positive cash flows from operations; and (ii) renew or extend the existing borrowings, complete debt financing or obtain new credit line in the immediate and longer term, at a level sufficient to finance the working capital requirements and financial obligations of the Group. Details are explained in note 2.1 to the consolidated financial statements.

(b) Significant increase in credit risk

As explained in note 2.3(y), ECL are measured as an allowance equal to 12m ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key sources of estimation uncertainty

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, are discussed below.

(a) Income taxes

The Group is subject to Hong Kong Profits Tax and Enterprise Income Tax ("EIT") of the PRC. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

During the year, income tax expense of approximately HK$4,219,000 (2018: HK$4,866,000) was charged to profit or loss based on the estimated profit from operations.

3. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (Continued)

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2019 were approximately HK$44,651,000 (2018: HK$47,299,000) and HK$33,149,000 (2018: nil) respectively.

(c) Impairment of trade and loan receivables

The management of the Group estimates the amount of impairment loss for ECL on trade and loan receivables based on the credit risk of trade and loan receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2019, the carrying amount of trade receivables and loan receivables were approximately HK$279,182,000 and HK$222,001,000, respectively.

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating unit to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was approximately HK$Nil (2018: HK$15,777,000) and an impairment loss of approximately HK$15,777,000 (2018: HK$34,955,000) was recognised during the year. Details of the impairment loss calculation are provided in note 18 to the consolidated financial statements.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors review and agree policies for managing each of these risks and they are summarised below.

(a) Foreign exchange risk

The Group has minimal exposure to foreign currency risk as most of the business transactions, assets and liabilities of the Group's entities are principally denominated in their respective functional currencies.

The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and loan receivables) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

The Group does not provide any financial guarantees which would expose the Group to credit risk.

The carrying amount of trade and other receivables, loan receivables and bank balances included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

In order to minimise credit risk, the Group has delegated its finance team to develop and maintain the Group's credit risk grading to categories exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major debtors. The Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis of recognising ECL
Performing	The counterparty has a low risk of default and does not have any part-due amounts	12m ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECL credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

For other receivables and deposits, the directors of the Company make periodic collectively assessments as well as individual assessment on the recoverability of other receivables and deposits. The Group has assessed that the ECL of other receivables and deposits was approximately HK$8,145,000 and HK$8,145,000 respectively as at 31 December 2019 under lifetime ECL credit impaired.

The Group measures loss allowances for trade and loan receivables at an amount equal to lifetime ECLs. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different debtors, the loss allowance based on past due status is not further distinguished between the Group's different debtors.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and loan receivables as at 31 December 2019:

	Expected loss rate	Gross carrying amount	Loss allowance
	%	HK$'000	HK$'000
Trade receivables			
Current (not past due)	0.18%	35,425	63
Less than 60 days past due	1.43%	16,979	242
Over 60 days past due	2.40%	232,661	5,578
		285,065	5,883
Loan receivables			
Current (not past due)	2.37%	24,132	573
Less than 60 days past due	2.45%	694	17
Over 60 days past due	1.33%	200,428	2,663
		225,254	3,253

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Movements in the loss allowance account in respect of trade and other receivables, deposits and loan receivables during the year are as follows:

	2019	2018
	HK$'000	HK$'000
At 1 January under HKAS 39	**74,088**	39,808
Impact on initial application of HKFRS 9	**–**	28,967
Adjusted balance at 1 January	**74,088**	68,775
Reversals	**(33,537)**	(2,940)
Impairment losses recognised for the year	**5,010**	8,496
Exchange realignment	**(30)**	(243)
At 31 December	**45,531**	74,088

Expected loss rates are based on actual loss experience over the past two 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.

(c) Interest rate risk

The Group's loan receivables, convertible bonds, bonds, promissory notes and bank and other borrowings bear interests at fixed interest rates and therefore are not subject to interest rate risks.

The Group's exposure to interest-rate risk arises from its bank deposits. These bank deposits bear interests at floating rates varied with the then prevailing market condition.

Except as stated above, the Group does not have other significant interest-bearing assets and liabilities at the end of reporting period, its income and operating cash flows are substantially independent of changes in market interest rates.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand and less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2019				
Trade and other payables	139,484	–	–	–
Convertible bonds	40,712	–	–	–
Bonds	32,591	–	–	–
Promissory notes	27,250	–	–	–
Bank and other borrowings	146,339	–	8,515	–
Lease liabilities	14,084	10,888	25,570	11,861
	400,460	10,888	34,085	11,861

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (Continued)

	On demand and less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
At 31 December 2018				
Trade and other payables	54,560	–	–	–
Convertible bonds	61,200	–	–	–
Bonds	40,975	–	–	–
Promissory notes	–	32,336	–	–
Bank and other borrowings	79,822	–	–	–
Finance lease payables	171	73	–	–
	236,728	32,409	–	–

(e) Categories of financial instruments at 31 December

	2019 HK$'000	2018 HK$'000
Financial assets:		
Financial assets at amortised cost	**544,396**	326,496
Financial liabilities:		
Financial liabilities at amortised cost	**436,801**	244,428

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

5. SEGMENT INFORMATION

The accounting policies of the operating segments are the same as those described in note 2.3 to the consolidated financial statements.

Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(i) the "Agricultural produce" segment engages in cultivating and trading of agricultural produce;

(ii) the "Money lending" segment engages in money lending services; and

(iii) the "Securities broking" segment engages in securities brokerage services in securities traded in Hong Kong.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segments performance for the year is set out below.

(i) Information about profit or loss

			2019		
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Revenue					
Reportable segment revenue	284,244	25,732	1,446	–	311,422
(Loss)/profit					
Reportable segment (loss)/profit (adjusted (LBITDA)/EBITDA)	(26,428)	20,782	(7,808)	–	(13,454)
Depreciation	(6,469)	(97)	(1,238)	(79)	(7,883)
Impairment loss of trade receivables	(4,964)	–	–	–	(4,964)
Impairment loss of other receivables	(12)	(34)	–	–	(46)
Finance costs	(7,244)	(51)	(244)	(7,550)	(15,089)
Government grants	1,501	–	–	–	1,501
Gain on deregistration of a subsidiary	1,065	–	–	–	1,065
Right-of-use asset depreciation	(3,996)	(979)	(1,752)	(1,608)	(8,335)
Impairment losses of goodwill	–	(15,777)	–	–	(15,777)
Reversal of Impairment losses of trade receivable	342	–	–	–	342
Reversal of Impairment losses of other receivables	930	–	–	–	930
Interest income	7	4	–	11	22
Reversal of impairment losses on loan receivables	–	32,265	–	–	32,265
Impairment losses on inventories	(410)	–	–	–	(410)
Share-based payment transactions	(1,838)	(2,704)	–	(2,217)	(6,759)
Unallocated head office and corporate income	–	–	–	520	520
Unallocated head office and corporate expenses	–	–	–	(19,293)	(19,293)
Consolidated (loss)/profit before taxation	(47,516)	33,409	(11,042)	(30,216)	(55,365)

5. SEGMENT INFORMATION (CONTINUED)

(i) Information about profit or loss (Continued)

	2018 (Re-presented)				
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Revenue					
Reportable segment revenue	118,079	39,142	18,977	–	176,198
(Loss)/profit					
Reportable segment (loss)/profit (adjusted (LBITDA)/ EBITDA)	(35,637)	32,651	3,061	–	75
Depreciation	(7,493)	(108)	–	(2,428)	(10,029)
Finance costs	(13,501)	–	–	(8,552)	(22,053)
Government grants	2,376	–	–	–	2,376
Interest income	3	2	–	29	34
Share-based payment transactions	(1,241)	(2,458)	–	(248)	(3,947)
Share of result and impairment losses of an associate	–	–	–	(44,128)	(44,128)
Gain on disposal of a subsidiary	–	–	–	100	100
Impairment losses of goodwill	–	(34,955)	–	–	(34,955)
Reversal of impairment losses on inventories	60	–	–	–	60
Impairment losses of loan receivables	–	(8,496)	–	–	(8,496)
Reversal of impairment losses on trade receivables	1,808	–	–	–	1,808
Reversal of impairment losses on other receivables	1,132	–	–	–	1,132
Unallocated head office and corporate income	–	–	–	461	461
Unallocated head office and corporate expenses	–	–	–	(36,166)	(36,166)
Consolidated (loss)/profit before taxation	(52,493)	(13,364)	3,061	(90,932)	(153,728)

The measure used for reporting segment profit/(loss) is "adjusted EBITDA/(LBITDA)" i.e. "adjusted earning/(loss) before interest, taxes, depreciation and amortisation, impairment losses of property, plant and equipment, other financial asset, inventories, goodwill", where "interest" is regarded as not including interest income from money lending business. To arrive at adjusted EBITDA/(LBITDA), the Group's loss is further adjusted for items not specifically attributed to individual segments, such as share of result of an associate, directors' and auditor's remuneration and other head office or corporate administration costs.

5. SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities

	Agricultural produce HK$'000	Money lending HK$'000	2019 Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Assets					
Reportable segment assets	393,215	222,348	19,701	–	635,264
Goodwill	–	–	–	–	–
Unallocated head office and corporate assets	–	–	–	3,395	3,395
Consolidated total assets	393,215	222,348	19,701	3,395	638,659
Liabilities					
Reportable segment liabilities	274,212	28,745	12,489	–	315,446
Convertible bonds	–	–	–	40,712	40,712
Bonds	–	–	–	31,340	31,340
Promissory notes	–	–	–	27,250	27,250
Unallocated head office and corporate liabilities	–	–	–	40,286	40,286
Consolidated total liabilities	274,212	28,745	12,489	139,588	455,034
Other segment information					
Capital expenditure *(Note)*	5,370	–	–	–	5,370
Income tax expense	–	4,219	–	–	4,219

Note: Capital expenditure consists of additions to property, plant and equipment and intangible assets.

5. SEGMENT INFORMATION (CONTINUED)

(ii) Reconciliations of reportable segment assets and liabilities (Continued)

	2018 (Re-presented)				
	Agricultural produce HK$'000	Money lending HK$'000	Securities broking HK$'000	Unallocated HK$'000	Total HK$'000
Assets					
Reportable segment assets	149,755	262,604	21,273	–	433,632
Goodwill	–	15,777	–	–	15,777
Unallocated head office and corporate assets	–	–	–	4,621	4,621
Consolidated total assets	149,755	278,381	21,273	4,621	454,030
Liabilities					
Reportable segment liabilities	110,889	12,725	11,410	–	135,024
Convertible bonds	–	–	–	41,577	41,577
Bonds	–	–	–	40,975	40,975
Promissory notes	–	–	–	27,250	27,250
Unallocated head office and corporate liabilities	–	–	–	26,879	26,879
Consolidated total liabilities	110,889	12,725	11,410	136,681	271,705
Other segment information					
Capital expenditure *(Note)*	15,896	190	29	–	16,115
Income tax expense	–	4,849	–	17	4,866

Note: Capital expenditure consists of additions to property, plant and equipment and intangible assets.

5. SEGMENT INFORMATION (CONTINUED)

(iii) Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location as follows:

	2019 HK$'000	2018 HK$'000 (Re-presented)
Revenue		
– Hong Kong	**3,536**	19,060
– the PRC	**307,886**	157,138
	311,422	176,198

Non-current assets of the Group are presented based on the geographical location as follows:

	2019 HK$'000	2018 HK$'000
Non-current assets		
– Hong Kong	**4,114**	81
– the PRC	**74,416**	62,995
	78,530	63,076

Non-current assets of the Group include property, plant and equipment, goodwill, investment in an associate and other non-current assets.

(iv) Information about major customers

The Group's customer base included five (2018: two) customers with whom transactions have exceed 10% of its revenue during the years is set out below:

	2019 HK$'000	2018 HK$'000
Customer A – Agricultural produce	**–**	61,134
Customer B – Agricultural produce	**–**	30,310
Customer C – Agricultural produce	**49,224**	–
Customer D – Agricultural produce	**32,536**	–
Customer E – Agricultural produce	**32,295**	–
Customer F – Agricultural produce	**31,278**	–
Customer G – Agricultural produce	**30,881**	–

6. REVENUE

An analysis of revenue is as follows:

	2019 HK$'000	2018 HK$'000 (Re-presented)
Recognised at point in time:		
Sale of agricultural produce	**284,244**	118,079
Securities trading income	**1,446**	18,977
Recognised over time:		
Money lending interest income	**25,732**	39,142
	311,422	176,198

7. OTHER GAINS

	2019 HK$'000	2018 HK$'000 (Re-presented)
Amortisation of government grants	**1,501**	2,376
Bank interest income	**11**	5
Other interest income	**11**	29
Gain on disposal of items of property, plant and equipment	**–**	2,096
Gain on disposal of a subsidiary	**–**	100
Gain on deregistration of a subsidiary	**1,065**	–
Rental income	**191**	212
Reversal of impairment of trade receivables	**342**	1,807
Reversal of impairment of other receivables	**930**	1,132
Reversal of impairment of inventories	**–**	60
Reversal of impairment of loan receivable	**32,265**	–
Sundry income	**1,516**	843
	37,832	8,660

8. OTHER OPERATING EXPENSES

	2019 HK$'000	2018 HK$'000
Foreign exchange losses, net	**11,588**	21,443
Impairment losses of goodwill	**15,777**	34,955
Impairment losses of trade receivables	**4,964**	–
Impairment losses of loan receivables	**–**	8,496
Impairment losses of other receivables	**46**	–
Allowance for inventories	**410**	–
Others	**–**	3
	32,785	64,897

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest expenses on lease liabilities (2018: Finance lease charges)	**4,920**	14
Interest expenses on bonds	**3,470**	2,794
Interest expenses on convertible bonds	**3,782**	3,101
Interest expenses on promissory notes	**–**	2,480
Interest expenses on bank and other borrowings	**2,917**	13,664
	15,089	22,053

10. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2019 HK$'000	2018 HK$'000 (Re-presented)
Staff costs (including directors' emoluments)		
Salaries and allowances	**17,943**	32,969
Retirement benefit costs	**1,016**	1,224
Discretionary bonus	**23**	–
Equity-settled share-based payment	**6,759**	3,947
Total staff costs	**25,741**	38,140
Auditor's remuneration	**750**	730
Cost of inventories recognised as an expense	**299,072**	110,397
Depreciation:		
– on owned assets	**7,883**	9,724
– on right-of-use assets (2018: leased assets)	**8,335**	305
Impairment losses of goodwill	**15,777**	34,955
Impairment losses of trade receivables	**4,964**	–
Impairment losses of other receivables	**46**	–
Reversal of impairment losses of trade receivables	**(342)**	(1,808)
Reversal of impairment losses of other receivables	**(930)**	(1,132)
Impairment losses of loan receivables	**–**	8,496
Reversal of impairment losses of loan receivables	**(32,265)**	–
Allowance for inventories	**410**	–
Gain on disposal of a subsidiary	**–**	(100)
Gain on deregistration of a subsidiary	**(1,065)**	–
Gain arising from fair value change less costs to sell of biological assets	**–**	(1,071)
Minimum lease payments under operating leases	**–**	12,731
Equity-settled share-based payment		
Directors	**2,028**	246
Employees	**4,731**	3,701
Total equity-settled share-based payment	**6,759**	3,947

For both years, no director has waived any emoluments.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Details of directors' emoluments are as follows:

For the year ended 31 December 2019

	Fee HK$'000	Salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Executive directors					
Mr. LIN Yupa[1]	–	923	43	676	1,642
Ms. DIAO Jing	–	938	28	676	1,642
Ms. DIAO Hong[2]	–	462	9	–	471
Non-executive director					
Mr. LIN Yuhao	–	1,200	18	676	1,894
Independent non-executive directors					
Mr. LI Shaohua	120	–	–	–	120
Ms. ZHU Rouxiang	120	–	–	–	120
Ms. LI Yang	120	–	–	–	120
	360	3,523	98	2,028	6,009

During the year ended 31 December 2019, there was no discretionary cash bonus paid or payables to the Directors (2018: Nil).

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(a) Details of directors' emoluments are as follows: (Continued)

For the year ended 31 December 2018

	Fee HK$'000	Salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Share-based payment expenses HK$'000	Total HK$'000
Executive directors					
Mr. YAU Yik Ming Leao[3]	–	1,144	8	–	1,152
Ms. DIAO Hong[2]	–	1,018	18	82	1,118
Ms. DIAO Jing	–	1,018	18	82	1,118
Mr. XU Bin[4]	–	260	5	–	265
Non-executive director					
Mr. LIN Yuhao	–	1,365	18	82	1,465
Independent non-executive directors					
Mr. LI Shaohua	160	–	–	–	160
Ms. ZHU Rouxiang	160	–	–	–	160
Ms. LI Yang	160	–	–	–	160
	480	4,805	67	246	5,598

Notes:

1. Mr. LIN Yupa was appointed as executive director on 18 April 2019.
2. Ms. DIAO Hong was retired as executive director on 14 June 2019.
3. Mr. YAU Yik Ming Leao resigned as executive director on 15 June 2018.
4. Mr. XU Bin was resigned as deputy chairman and executive director on 28 February 2018.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2018: three) Directors whose emoluments were disclosed above. The emoluments of the remaining two (2018: two) individuals during the year are as follows:

	2019 HK$'000	2018 HK$'000
Basis salaries and allowances	**1,229**	2,418
Equity-settled share-based payment	**676**	93
Retirement benefits scheme contributions	**71**	114
	1,976	2,625

The emoluments of the two (2018: two) individuals with highest emoluments are within the following bands:

	2019 Number of individuals	2018 Number of individuals
Nil – HK$1,000,000	**1**	–
HK$1,000,001 – HK$1,500,000	**1**	2

During both years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(c) Senior management's emoluments

Senior management represents the executive directors. The emoluments paid or payable to senior management during the year are as follows:

	2019 HK$'000	2018 HK$'000
Directors' fees	**–**	–
Salaries and allowances	**2,323**	3,440
Retirement benefits scheme contribution	**80**	49
Share-based payment expenses	**1,352**	164
	3,755	3,653

The emoluments of the three (2018: four) individuals are within the following bands:

	2019 Number of individuals	2018 Number of individuals
Nil – HK$1,000,000	**1**	1
HK$1,000,001 – HK$1,500,000	**–**	3
HK$1,500,001 – HK$2,000,000	**2**	–

(d) Directors' material interests in transaction, arrangement or contract

No significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

12. INCOME TAX EXPENSE

	2019 **HK$'000**	2018 HK$'000
EIT in the PRC		
Provision for the year	**4,219**	4,866
	4,219	4,866

The tax rate applicable to the Group's Hong Kong subsidiaries were 16.5% (2018: 16.5%) during the year ended 31 December 2019.

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

No provision for Hong Kong Profits Tax is required as the Group's Hong Kong subsidiaries did not have assessable profit during the year ended 31 December 2019 (2018: Nil).

Enterprise Income Tax ("EIT") in the PRC is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof.

According to the PRC tax law and its interpretation rules (the "PRC tax law"), enterprises that engage in qualifying agricultural business are eligible for full EIT exemption or half reduction of EIT on profits derived from such business. The Group's PRC subsidiaries engaged in qualifying agricultural business, which includes growing, processing and selling of vegetables, are entitled to full exemption of EIT.

12. INCOME TAX EXPENSE (CONTINUED)

Reconciliation between income tax expense and the product of the Group's loss before tax at applicable tax rate is set out below:

	2019 **HK$'000**	2018 HK$'000 (Re-presented)
Loss before taxation	**(55,365)**	(153,728)
Tax at the domestic tax rate of 16.5% (2018: 16.5%)	**(9,135)**	(25,365)
Tax effect of non-deductible expenses	**40,605**	15,545
Tax effect of non-taxable income	**(39,169)**	(3,159)
Net tax effect of unrecognised tax losses	**1,488**	(383)
Net tax effect of temporary difference not recognised	**–**	201
Effect of different tax rates of subsidiaries	**10,430**	18,027
Income tax expense for the year	**4,219**	4,866

At the end of the reporting period, the Group has unused tax losses of approximately HK$27,447,000 (2018: HK$35,171,000). No deferred tax asset in respect of tax losses have been recognised as at 31 December 2019 and 2018, as management consider it is unlikely that future taxable profits against which the losses can be utilised will be available in the foreseeable future with certainty in the relevant tax jurisdiction and entity. Unrecognised tax losses may be carried forward indefinitely.

Under the PRC tax law on EIT, a withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

As at 31 December 2019 and 2018, deferred taxation has not been provided in the financial statements in respect of temporary difference attributable to profits earned by the Group's PRC subsidiaries since 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

13. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 December 2019 and 2018.

14. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to the owners of the Company of approximately HK$59,582,000 (2018: HK$158,594,000) and the weighted average number of 82,073,423 (2018 restated: 55,865,527) ordinary shares in issue during the year.

The computation of diluted loss per share for the years ended 31 December 2019 and 2018 does not assume the conversion of the Company's preference shares and convertible bonds, and the exercise of the Company's share options since their assumed conversion and exercise would result in a decrease in loss per share. Therefore, the basic and diluted loss per share are the same.

For the years ended 31 December 2019 and 2018, the weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted to take into effect of the capital reorganisation on 25 April 2019 as set out in note 33(f) to the consolidated financial statements as if it had been effective on 1 January 2018.

15. DISCONTINUED OPERATIONS

On 25 May 2017, the Group entered into the agreement with Ace Jumbo Ventures Limited ("Ace Jumbo"), an independent third party, pursuant to which the Company has conditionally agreed to sell 100% of the issued share capital of Golden Rich Securities Limited, a wholly owned subsidiary of the Company, at a cash consideration of HK$12,000,000 plus net asset value at the date of the sale and purchase agreement ("Disposal Agreement"). Accordingly, all assets and liabilities attributable to Golden Rich Securities Limited and its subsidiary ("Disposal Group") have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position as at 31 December 2018. The Disposal Group has been presented as a discontinued operations in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018.

Since 20 October 2017, the Company has entered into several supplemental deeds with Ace Jumbo to extend the date for fulfillment of the conditions precedent set out in the Disposal Agreement to 24 May 2020.

Notwithstanding several supplemental deeds have been entered into with Ace Jumbo to extend the long stop date of the Disposal Agreement to 24 May 2020, the directors of the Company are of the opinion that the completion of the Disposal Agreement is not highly probable, thus the Disposal Group have been re-classified as continuing operations during the year ended 31 December 2019.

15. DISCONTINUED OPERATIONS (CONTINUED)

The value of the identifiable assets and liabilities of the Disposal Group as at 31 December 2018 are set as follow:

	2018 HK$'000
Property, plant and equipment	1,256
Intangible asset	500
Other non-current assets	230
Trade and other receivables	929
Cash held on behalf of brokerage clients *(note)*	10,782
Bank balances and cash	7,576
Total assets classified as held for sale	21,273
Trade and other payables	11,410
Total liabilities classified as held for sale	11,410

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

The balance of "Cash held on behalf of brokerage clients" was reclassified as "Assets associated with disposal group held for sales" in the prior year.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Bearer plants HK$'000	Total HK$'000
Cost									
At 1 January 2018	13,776	10,577	4,556	3,168	11,206	137,673	1,019	1,473	183,448
Additions	610	–	5,064	636	6	1,803	7	7,989	16,115
Transferred from construction in progress	–	–	–	–	–	–	–	1,390	1,390
Disposal	–	–	(82)	(34)	(6,380)	(463)	(31)	(485)	(7,475)
Transfer to assets held for sale	–	–	–	(22)	–	–	(7)	–	(29)
Exchange realignment	(725)	(532)	(573)	(148)	(157)	(7,038)	(35)	(754)	(9,962)
At 31 December 2018 and 1 January 2019	13,661	10,045	8,965	3,600	4,675	131,975	953	9,613	183,487
Additions	**–**	**–**	**446**	**219**	**–**	**–**	**423**	**4,282**	**5,370**
Reclassification upon adoption of HKFRS 16	**–**	**–**	**–**	**–**	**(1,099)**	**–**	**–**	**–**	**(1,099)**
Transfer from asset held for sale	**–**	**–**	**1,837**	**1,162**	**–**	**–**	**405**	**–**	**3,404**
Exchange realignment	**(254)**	**(186)**	**(150)**	**(48)**	**(55)**	**(2,446)**	**(17)**	**(258)**	**(3,414)**
At 31 December 2019	**13,407**	**9,859**	**11,098**	**4,933**	**3,521**	**129,529**	**1,764**	**13,637**	**187,748**

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings HK$'000	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Bearer plants HK$'000	Total HK$'000
Accumulated depreciation and impairment									
At 1 January 2018	10,683	5,295	3,322	2,590	9,098	108,035	948	–	139,971
Charge for the year	984	1,045	856	520	1,799	4,780	45	–	10,029
Disposal	–	–	(52)	(27)	(6,380)	(463)	(20)	–	(6,942)
Exchange realignment	(557)	(309)	(134)	(97)	(140)	(5,599)	(34)	–	(6,870)
At 31 December 2018 and 1 January 2019	11,110	6,031	3,992	2,986	4,377	106,753	939	–	136,188
Charge for the year	**385**	**999**	**1,568**	**674**	**79**	**3,993**	**185**	**–**	**7,883**
Reclassification upon adoption of HKFRS 16	**–**	**–**	**–**	**–**	**(1,099)**	**–**	**–**	**–**	**(1,099)**
Transfer from asset held for sale	**–**	**–**	**1,172**	**723**	**–**	**–**	**253**	**–**	**2,148**
Exchange realignment	**(211)**	**(127)**	**(64)**	**(38)**	**(50)**	**(1,520)**	**(13)**	**–**	**(2,023)**
At 31 December 2019	**11,284**	**6,903**	**6,668**	**4,345**	**3,306**	**109,226**	**1,364**	**–**	**143,097**
Carrying amount									
At 31 December 2019	**2,123**	**2,956**	**4,430**	**588**	**214**	**20,303**	**400**	**13,637**	**44,651**
At 31 December 2018	2,551	4,014	4,973	614	298	25,222	14	9,613	47,299

In the opinion of the Directors, the lease payments cannot be allocated reliably between the land and buildings elements. Accordingly, the entire lease is treated as a finance lease and classified as property, plant and equipment.

Leasehold land and buildings with carrying amount of approximately HK$2,956,000 (2018: HK$4,014,000) are held in the PRC on medium lease. During the year, the leasehold land and buildings were pledged to secure banking facilities granted to the Group as disclosed in note 30 to the consolidated financial statements.

During the year, no depreciation has been provided for the bearer plants, as the bearer plants are still at the early stage of cultivation and yet to produce any fresh fruit bunches.

Impairment losses recognised in the current year

During the year, the Group had appointed an independent professional valuer, Ravia Global Appraisal Advisory Limited, to assess the recoverable amounts of the Group's property, plant and equipment, in particular of those employed in the agricultural produce segment, and no impairment loss (2018: Nil) was recognised. The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections is 14.9% (2018: 15.07%) per annum. The growth rate used to extrapolate the cash flows of the group of cash-generating units beyond the five-year period is 3% (2018: 3%) per annum which based on past performance and its expectations in relation to market development. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and gross margin, such estimation is based on the past performance. Senior management believed that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

17. RIGHT-OF-USE ASSETS

	Motor vehicles HK$'000	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2019 (note 2.2)	–	25,229	5,051	30,280
Additions	–	–	11,421	11,421
Depreciation	–	(4,639)	(3,696)	(8,335)
Exchange differences	–	(134)	(83)	(217)
At 31 December 2019	–	20,456	12,693	33,149

Lease liabilities of approximately HK$45,400,000 are recognised with related right-of-use assets of approximately HK$33,149,000 as at 31 December 2019. 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.

	2019 **HK$'000**
Depreciation expenses on right-of-use assets	**8,335**
Interest expense on lease liabilities (included in finance cost)	**4,920**

Details of total cash outflow for leases is set out in note 38(c).

For both years, the Group leases leasehold lands and properties for its operations. Lease contracts are entered into for fixed term of 1 year to 26 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.

In addition, the Group owns several leased properties where are primarily for office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

18. GOODWILL

	HK$'000
Cost	
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	**83,010**
Impairment	
At 1 January 2018	32,278
Impairment during the year	34,955
At 31 December 2018 and 1 January 2019	67,233
Impairment during the year	**15,777**
At 31 December 2019	**83,010**
Carrying amount	
At 31 December 2019	**–**
At 31 December 2018	15,777

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to Modern Excellence Limited ("Modern Excellence") and Shenzhen Taihengfeng Technology Company Limited ("Taihengfeng"), subsidiaries of the Company, which are considered to be two individual CGUs.

18. GOODWILL (CONTINUED)

	2019 **HK$'000**	2018 HK$'000
Modern Excellence	**–**	–
Taihengfeng	**–**	15,777
	–	15,777

Modern Excellence

Impairment on goodwill in related to the acquisition of Modern Excellence, amounted to approximately HK$2,098,000 was fully provided in the consolidated financial statements for the year ended 31 December 2013.

Taihengfeng

During the year ended 31 December 2019, the Group recognised a further impairment loss of approximately HK$15,777,000 (2018: HK$34,955,000) in relation to goodwill arising on acquisition of Taihengfeng. As at 31 December 2019, the entire goodwill was fully impaired.

The recoverable amount of this CGU has been determined on the basis of the value-in-use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of this CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 3% (2018: 3%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from this CGU is 11.1% (2018: 12.42%).

During the years ended 31 December 2018 and 2019, before impairment testing, goodwill of approximately HK$50,732,000 and HK$15,777,000 respectively was allocated to Taihengfeng. Due to regulatory and industry reform over the micro finance market in the PRC after a series of collapse of industry peers, the Group has revised its cash flow forecasts for this CGU under which an impairment loss of approximately HK$34,955,000 had been recognised for the year ended 31 December 2018 and further provided in full for the remaining balance during the year ended 31 December 2019.

19. INVESTMENT IN AN ASSOCIATE

	2019 **HK$'000**	2018 HK$'000
At 1 January	**–**	46,911
Share of total comprehensive income for the year	**–**	(46,911)
At 31 December	**–**	–

Investment in an associate represents investment in unlisted equity securities, details of Group's associate at 31 December 2019 are as follows:

Name	**Place of establishment**	**Registered/paid up capital**	**Percentage of ownership**	**Principal activities and place of operation**
Qianhai Gelin Internet Financial Services Company Limited*	PRC	RMB100,000,000/ RMB100,000,000	Direct 25%	Internet financing service/PRC

The following table shows information on the associate that is material to the Group. This associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on local management financial statements of the associate, and adjusted to comply with HKFRSs for the purpose of equity accounting.

	2019
Principal place of business/country of incorporation	PRC/PRC
Principal activities	Internet financing business
% of ownership interests/voting rights held by the Group	25%/25%

* For identification purpose only

19. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	2019	2018
	HK$'000	HK$'000
At 31 December:	**334**	532
Non-current assets		
Current assets	**30,121**	32,142
Current liabilities	**(1,645)**	(881)
Net assets	**28,810**	31,793
Year ended 31 December:		
Revenue	**984**	2,936
Loss for the year	**(2,514)**	(179,018)
Other comprehensive income, net of tax:		
– Exchange differences on translating foreign operation	**(304)**	(11,126)
Loss and total comprehensive income for the year	**(2,818)**	(190,144)
The Group's share of total comprehensive income of an associate	**–**	(46,911)

On 19 December 2018, Office of the Leading Group for the Special Remediation of Internet Finance Risks* (互聯網金融風險專項整治工作領導小組辦公室) and Office of the Leading Group for the Special Remediation of P2P Internet Lending Risks* (P2P網貸風險專項整治工作領導小組辦公室) jointly issued "Remediation Officer Letter 2018 No.175" regarding "Opinions in Categorised Actions and Risk Prevention of Internet Lending Organisations"* (關於做好網貸機構分類處置和風險防範工作的意見) ("Letter No. 175"). In Letter No. 175, the two offices represent the People's Bank of China and China Banking and Insurance Regulatory Commission to further clarify the actions in risk prevention for categorised P2P internet lending companies in internet finance industry. On 1 March 2019, Shenzhen Internet Finance Association issued a notice for consultation of guidelines for exit of internet finance industry by categorised P2P internet lending companies.

During the year ended 31 December 2019, the Group ceased sharing the loss and total comprehensive income of an associate while sharing the loss of approximately HK$46,911,000 for the year ended 31 December 2018. The Group has not recognised loss for the year amounting to approximately HK$705,000 (2018: HK$625,000) for the associate. The accumulated losses not recognised were approximately HK$1,330,000 (2018: HK$625,000).

* For identification purpose only

20. OTHER NON-CURRENT ASSETS

	Statutory deposit with exchanges and clearing houses HK$'000
At 1 January 2018, 31 December 2018 and 1 January 2019	–
Transferred from assets held for sale	730
At 31 December 2019	**730**

21. INVENTORIES

	2019 HK$'000	2018 HK$'000
Agricultural materials *(note)*	**1,110**	1,607
Consumables	**353**	409
Merchandise	**10,802**	10,864
	12,265	12,880

At the end of reporting period, the Group's inventories were stated at cost.

During the year ended 31 December 2018, allowance made in prior years against the inventories of approximately HK$60,000 was reversed as result of sales of obsolete inventories. During the year ended 31 December 2019, provision of inventions of approximately HK$410,000 was provided for obsolete inventories.

Note:

Agricultural materials mainly include seeds, fertilisers, pesticides and processing materials not yet utilised at the end of the reporting period.

22. BIOLOGICAL ASSETS

	2019 **HK$'000**	2018 HK$'000
At 1 January	–	1,632
Increase due to plantation	–	16,736
Decrease due to harvest	–	(19,518)
Gain/(loss) from fair value change less costs to sell	–	1,071
Exchange realignment	–	79
At 31 December	–	–

Biological assets were vegetables stated at fair value less estimated costs to sell as at the reporting dates. The fair value was determined by the management with reference to market-determined prices, cultivation areas, species, growing conditions, cost incurred and expected yield of crops.

23. TRADE AND OTHER RECEIVABLES

	Notes	**2019 HK$'000**	2018 HK$'000
Trade receivables arising from trading of agricultural produce		**285,065**	51,201
Less: impairment		**(5,883)**	(1,284)
Total trade receivables	*(a)*	**279,182**	49,917
Accounts receivable arising from dealing in securities			
– Margin clients and broker receivables		**1,850**	–
Total accounts receivable	*(b)*	**1,850**	–
Other receivables		**9,202**	15,367
Less: impairment	*(c)*	**(8,145)**	(9,036)
Total other receivables		**1,057**	6,331
Deposits and prepayments	*(d)*	**34,757**	66,348
Less: impairment		**(28,250)**	(28,250)
Total deposits and prepayments		**6,507**	38,098
		288,596	94,346

(a) The average credit period on sales of goods is 60 days. At the end of reporting period, the ageing analysis of trade receivables from trading of agricultural produce, based on the invoice date and net of impairment losses, is as follows:

	2019 HK$'000	2018 HK$'000
0 – 60 days	**35,362**	27,858
61 – 120 days	**16,737**	11,878
Over 120 days	**227,083**	10,181
	279,182	49,917

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) (Continued)

The ageing analysis of the past due trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2019 **HK$'000**	2018 HK$'000
Less than 60 days past due	**16,737**	11,878
Over 60 days past due	**227,083**	10,181
	243,820	22,059

The movements in impairment of trade receivables are as follows:

	2019 **HK$'000**	2018 HK$'000
At 1 January	**1,284**	1,373
Recognition of ECL as at 1 January 2018	**–**	1,945
Impairment loss recognised	**4,964**	–
Reversal of impairment loss	**(342)**	(1,808)
Exchange realignment	**(23)**	(226)
At 31 December	**5,883**	1,284

Included in the above, no trade receivables (2018: HK$Nil) are individually impaired which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) The normal settlement terms of accounts receivable from cash clients and clearing houses are within two days after trade date.

Accounts receivable from cash clients arising from the securities broking are repayable on demand subsequent to settlement date. No ageing analysis is disclosed as the ageing analysis does not give additional value in view of the nature of these accounts receivable.

Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by discounted value accepted by the Group.

There is trading limit for all clients. The Group strictly monitors outstanding accounts receivable in order to minimise the credit risk. The management reviews the accounts receivable regularly to ensure that the listed stocks held by the Group on clients' behalf is able to offset their debts owed to the Group.

As at 31 December 2018, the balance of accounts receivable was classified as "Assets associated with disposal group held for sale" as set out in note 15 to the consolidated financial statements.

(c) The movements in impairment of other receivables are as follows:

	2019 **HK$'000**	2018 HK$'000
At 1 January	**9,036**	10,185
Impairment loss recognised	**46**	–
Reversal of impairment loss	**(930)**	(1,132)
Exchange realignment	**(7)**	(17)
At 31 December	**8,145**	9,036

(d) Included in the amount of approximately HK$28,250,000, being deposit of acquiring properties from Elite One International Holdings Limited which has been fully impaired. The rest are rental deposits and prepayments.

There is no movement in impairment of deposits and prepayments for both years.

24. LOAN RECEIVABLES

The Group's loan receivables arose from the money lending business. Loan receivables bear interest at rates range from 7.2% to 48% (2018: 7.2% to 48%), and with credit periods, mutually agreed between the contracting parties. Each customer has a credit limit. Overdue balances are reviewed regularly and handled closely by senior management.

	2019	2018
	HK$'000	HK$'000
Carrying amount of receivables based on scheduled repayment dates set out in the loan agreements		
Within one year	**165,454**	257,621
Repayment on demand clause (shown under current assets)	**56,547**	–
	222,001	257,621
Less: current portion	**(222,001)**	(257,621)
Non-current portion	**–**	–

24. LOAN RECEIVABLES (CONTINUED)

The Group's loan receivables, which arise from money lending business of providing property mortgage loans and personal loans in Hong Kong and in the PRC, are denominated in HK$ with gross amount of approximately HK$1,178,000 (2018: HK$6,916,000) and in Renminbi ("RMB") with gross amount of approximately HK$224,076,000 (2018: HK$286,223,000), respectively.

Except for loan receivables of approximately HK$224,094,000 before impairment (2018: HK$286,241,000 before impairment) as at 31 December 2019 which are unsecured, interest-bearing and are repayable with fixed terms agreed with customers, all loan receivables are secured by collaterals provided by customers, interest-bearing and are repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the loan receivables mentioned above.

A maturity profile of the loan receivables at the end of the reporting periods, based on the maturity date, net of impairment losses, is as follows:

	2019 **HK$'000**	2018 HK$'000
Receivable:		
Within 3 months	**38,007**	144,843
3 months to 1 year	**127,447**	112,778
Over 1 year (with repayment on demand clause)	**56,547**	–
	222,001	257,621

The movements in impairment of loan receivables are as follows:

	2019 **HK$'000**	2018 HK$'000
At 1 January	**35,518**	–
Recognition of ECL as at 1 January 2018	**–**	27,022
Reversal of impairment loss	**(32,265)**	–
Impairment loss recognised	**–**	8,496
As 31 December	**3,253**	35,518

25. BANK BALANCES AND CASH

	2019 **HK$'000**	2018 HK$'000
Bank balances	**37,243**	4,782
Cash on hand	**24**	52
	37,267	4,834

At the end of reporting period, the bank balances and cash of the Group are denominated in the following currencies:

	2019 **HK$'000**	2018 HK$'000
HK$	**14,930**	2,329
RMB	**22,337**	2,505
	37,267	4,834

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. The Group is permitted to exchange RMB for other currencies through banks authorised to conduct exchange business.

* For identification purpose only

26. TRADE AND OTHER PAYABLES

	Notes	2019 HK$'000	2018 HK$'000
Trade payables arising from trading of agricultural produce	(a)	**81,358**	11,096
Accounts payable arising from dealing in securities			
– Cash clients		**6**	–
– Clearing houses		**10,567**	–
Total accounts payable	(b)	**10,573**	–
Accruals and other payables		**47,553**	43,464
		139,484	54,560

(a) Trade payables arising from trading of agricultural produce principally comprise amounts outstanding for trade purchases and have an average credit period of 30 days. The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

	2019 HK$'000	2018 HK$'000
0–60 days	**16,858**	2,134
61–120 days	**16,154**	783
Over 120 days	**48,346**	8,179
	81,358	11,096

(b) The normal settlement terms of accounts payable to cash clients and clearing houses are two days after the trade date.

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

The Group has a practice to satisfy all the requests for payments immediately within the credit period. All accounts payable are non-interest bearing.

Accounts payable to clients also include those payables placed in trust accounts with authorised institutions of approximately HK$10,573,000.

As at 31 December 2018, the balance of accounts payable was classified as "Trade and other payables associated with disposal group held for sale" as set out in note 15 to the consolidated financial statements.

27. CONVERTIBLE BONDS

CB1

On 7 February 2018, the Company issued convertible bonds with aggregate principal amount of HK$40,000,000 ("CB1") with conversion price of HK$0.40 (adjusted from HK$0.04 to HK$0.40 per share as a result of the capital reorganisation effected on 25 June 2018) per share to an independent third party.

CB1 are denominated in HK$ and carry an interest rate of 5% per annum. The holder of CB1 is entitled to convert CB1 into 100,000,000 ordinary shares (adjusted from 1,000,000,000 ordinary shares to 100,000,000 ordinary shares as a result of the capital reorganisation effected on 25 June 2018) of the Company at any time from the date of issue to 6 February 2019. If the amount has not been converted up to 6 February 2019, the holder can request the Company to redeem the outstanding bonds at principal amount.

CB1 contain two components, liability component and equity component. At initial recognition, the fair value of liability of approximately HK$38,505,000 was recognised with the residual value of approximately HK$1,427,000, representing equity component, presented in equity heading "convertible bonds equity reserve".

Transaction costs relating to the liability component of approximately HK$70,000 are included in the carrying amount of the liability portion. The effective interest rate of the liability component is 8.89% per annum.

CB1 matured on 7 February 2019. As of the approval date on these consolidated financial statements, the outstanding amount of CB1 had yet been settled.

On 20 February 2019, the Company received a repayment demand letter from the subscriber of CB1, requesting the Company to repay the outstanding principal amount and the interest accrued in a total sum of approximately HK$42,000,000. The Company is still in the process of negotiating the terms of repayment with the subscriber of CB1.

On 26 June 2019, the Company have repaid HK$3,000,000 principal amount of the CB1 to the subscriber.

CB2

On 14 February 2019, the Company issued convertible bonds with aggregate principal amount of HK$39,500,000 ("CB2") with conversion price HK$1.82 per share (adjusted from HK$0.091 to HK$1.82 per conversion share as a result of the capital reorganisation effected on 25 April 2019) to five independent third parties.

CB2 are denominated in HK$ and carry an interest rate of 5% per annum. The holders of CB2 are entitled to convert CB2 into 21,703,295 ordinary shares of the Company at any time from the date of issue to 14 February 2020.

CB2 contain two components, a liability component and an equity component. At initial recognition, the fair value of liability of approximately HK$37,155,000 was recognised with the residual value of approximately HK$2,264,000, representing the equity component, presented in equity heading "convertible bonds equity reserve".

27. CONVERTIBLE BONDS (CONTINUED)

CB2 (Continued)

Transaction costs relating to the liability component of approximately HK$82,000 are included in the carrying amount of the liability portion. The effective interest rate of the liability component is 11.4% per annum.

On 21 May 2019, CB2 with principal amount of HK$39,500,000 had been converted into 21,703,295 ordinary shares of the Company.

CB3

On 25 March 2019, the Company issued convertible bonds with aggregate principal amount of HK$18,592,000 ("CB3") with conversion price HK$1.66 per share (adjusted from HK$0.083 to HK$1.66 per conversion share as a result of the capital reorganisation effected on 25 April 2019) to four independent third parties.

CB3 are denominated in HK$ and carry an interest rate of 5% per annum. The holders of CB3 are entitled to convert CB3 into 11,200,000 ordinary shares of the Company at any time from the date of issue to 25 March 2020.

CB3 contain two components, a liability component and an equity component. At initial recognition, the fair value of liability of approximately HK$17,395,000 was recognised with the residual value of approximately HK$1,129,000, representing the equity component, presented in equity heading "convertible bonds equity reserve".

Transaction costs relating to the liability component of approximately HK$69,000 are included in the carrying amount of the liability portion. The effective interest rate of the liability component is 11.81% per annum.

On 28 May 2019, CB3 with principal amount of HK$18,592,000 had been converted into 11,200,000 ordinary shares of the Company.

Movements of the liability component of convertible bonds are set out below:

	CB1 HK$'000	CB2 HK$'000	CB3 HK$'000	**2019 HK$'000**
Liability component at 1 January	41,577	–	–	**41,577**
Principal amount of CBs issued	–	39,500	18,592	**58,092**
Transaction cost	–	(82)	(69)	**(151)**
Equity component	–	(2,264)	(1,129)	**(3,393)**
Liability component at date of issue	41,577	37,154	17,394	**96,125**
Repayment	(3,000)	–	–	**(3,000)**
Interest charged	2,135	1,280	367	**3,782**
Converted into ordinary share of the Company	–	(38,434)	(17,761)	**(56,195)**
Liability component at 31 December	40,712	–	–	**40,712**

The fair value of liability components of CB1, CB2 and CB3 as of their respective issue dates were determined by Access Partner Consultancy & Appraisals Limited and Ravia Global Appraisal Advisory Limited, independent companies of professional valuer appointed by the Company.

28. BONDS

Bond 1

On 4 May 2017, the Company issued unsecured bond ("Bond 1") with principal value of RMB13,548,000 (approximately HK$15,538,000) to an independent third party ("Subscriber 1"). Bond 1 bears interest at 10% per annum and is repayable on 31 December 2017.

On 31 December 2017, principal value of RMB4,500,000 (approximately HK$5,161,000) has been repaid to Subscriber 1.

On 26 March 2019, the Company entered into an extension agreement with Subscriber 1, to extend the maturity date of Bond 1 from 31 December 2017 to 30 June 2020.

Bond 2

On 5 May 2017, the Company issued unsecured bond ("Bond 2") with principal value of RMB13,552,000 (approximately HK$15,543,000) to an independent third party ("Subscriber 2"). Bond 2 bears interest at 10% per annum and is repayable on 31 December 2017.

On 26 March 2019, the Company entered into an extension agreement with Subscriber 2, to extend the maturity date of Bond 2 from 31 December 2017 to 30 June 2020.

Bond 3

On 19 October 2018, the Company issued unsecured bond ("Bond 3") with principal value of RMB10,000,000 (approximately HK$11,310,000) to an independent third party ("Subscriber 3"). Bond 3 bears interest at 10% per annum and is repayable on 18 October 2019.

The movements of bonds are as follows:

	Bond 1 HK$'000	**Bond 2** HK$'000	**Bond 3** HK$'000	**Total** HK$'000
As at 1 January 2018	11,293	16,911	–	28,204
Issue during the year	–	–	11,310	11,310
Interest charged	1,027	1,538	229	2,794
Exchange realignment	(565)	(846)	78	(1,333)
As at 31 December 2018 and 1 January 2019	11,755	17,603	11,617	40,975
Interest charged	**1,026**	**1,536**	**908**	**3,470**
Repayment during the year	**–**	**–**	**(12,293)**	**(12,293)**
Exchange realignment	**(232)**	**(348)**	**(232)**	**(812)**
As at 31 December 2019	**12,549**	**18,791**	**–**	**31,340**

Bond 1, Bond 2 and Bond 3 are subsequently measured at amortised cost, using effective interest rates of 10%, 10% and 10% respectively. As of the approval date on these consolidated financial statements, the remaining outstanding amounts of bonds (ie. Bond 1 and Bond 2) had yet been settled.

29. PROMISSORY NOTES

On 24 September 2015, the Company issued unsecured promissory notes ("PN") with principal value of HK$100,000,000 to directors of the Company, namely Mr. Lin Yuhao (HK$99,990,000) and Mr. Lin Yuipa (HK$10,000) (appointed as executive director on 18 April 2019). The PN bears interest at 3% per annum and matured on 23 September 2018. The fair value of the PN at the date of issuance was approximately HK$73,599,000.

On 31 March 2016, the Company early redeemed the principal amount of HK$75,000,000 by way of issuing 719,696,958 ordinary shares of the Company at the subscription price of HK$0.099 per share and all interest accrued were agreed to be waived. The fair value of the relevant ordinary shares was approximately HK$88,522,000 and the amortised cost of the said promissory note was approximately HK$59,080,000. As such, loss on early redemption of PN of approximately HK$29,442,000 was recognised during the year ended 31 December 2016.

On 23 September 2018, the Company entered two extension agreements with subscribers of PN, to extend the maturity date of PN from 23 September 2018 to 31 January 2020.

The PN is subsequently measured at amortised cost, using effective interest rate of 14%. As at 31 December 2019, the carrying amount of the PN was approximately HK$27,250,000 (2018: HK$27,250,000).

The movements of PN are as follows:

	2019 **HK$'000**	2018 HK$'000
At 1 January	**27,250**	24,770
Imputed interest charged	**–**	2,480
At 31 December	**27,250**	27,250
Less: current portion	**(27,250)**	–
Non-current portion	**–**	27,250

As at 31 December 2019, PN payable to Mr. Liu Yuhao and Mr. Liu Yupa was approximately HK$27,239,000 and HK$11,000 respectively.

Subsequent to the end of the reporting period, the Company and the holders of PN entered into extension agreements, to extend the maturity date of PN to 31 July 2020.

30. BANK AND OTHER BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank loans *(Note a)*	**15,086**	15,940
Other loans *(Note b)*	**137,456**	63,882
	152,542	79,822
Secured	**15,086**	15,940
Unsecured	**137,456**	63,882
Carrying amount	**152,542**	79,822
Repayable:		
Within one year	**145,837**	79,822
In the second to fifth years	**6,705**	–

Notes:

(a) The bank loans amounted to approximately HK$15,086,000 are secured by the Group's leasehold land and buildings as disclosed in note 16 to the consolidated financial statements. The bank loans bear interest at 9%-12% per annum and repayable within one year.

(b) As at 31 December 2019, included in other loans of approximately HK$82,646,000 and HK$37,686,000 were provided by the directors of the Company, namely Mr. Lin Yuhao and Mr. Lin Yupa respectively, are unsecured, interest free and repayable on demand. For the remaining balance of other loans which are unsecured, interest free and repayable on demand.

During the year, the movements of the bank and other borrowings are as follows:

	2019 HK$'000	2018 HK$'000
At 1 January	**79,822**	32,260
Addition during the year	**194,907**	114,791
Interest expenses	**2,917**	13,664
Repayment during the year	**(123,623)**	(76,109)
Exchange realignment	**(1,481)**	(4,784)
At 31 December	**152,542**	79,822

31. LEASE LIABILITIES (2018: FINANCE LEASE PAYABLES)

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Within one year	**14,084**	178	**9,916**	171
In the second to fifth years, inclusive	**36,458**	73	**26,313**	73
After five years	**11,861**	–	**9,244**	–
	62,403	251	**45,473**	244
Less: Future finance charges	**(16,930)**	(7)	**N/A**	N/A
Present value of lease obligations	**45,473**	244	**45,473**	244
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(9,916)**	(171)
Amount due for settlement after 12 months			**35,557**	73

All lease payables are denominated in HK$.

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 2.2(a).

32. DEFERRED INCOME

	2019 HK$'000	2018 HK$'000
At 1 January	**5,412**	6,872
Addition	**424**	1,216
Amortisation	**(1,501)**	(2,376)
Exchange realignment	**(84)**	(300)
At 31 December	**4,251**	5,412
Less: within one year	**(1,033)**	(1,081)
Non-current liabilities	**3,218**	4,331

Deferred income represents the receipt of government grants for the construction of property, plant and equipment, which is amortised to profit or loss on a straight-line basis over the estimated useful life of the relevant assets.

33. SHARE CAPITAL

	Notes	2019 HK$'000	2018 HK$'000
Authorised:			
150,000,000,000 (2018: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (2018: 10,000,000,000) preference shares of HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
100,022,838 (2018: 1,232,367,732) ordinary shares of HK$0.01 each		**1,000**	12,324
3,030,000 (2018: 3,030,000) preference shares of HK$0.01 each	*(a)*	**30**	30
Total amount		**1,030**	12,354

33. SHARE CAPITAL (CONTINUED)

		No of shares	Amount HK$'000
At 1 January 2018		10,296,137,217	102,961
Conversion of convertible bonds to ordinary shares	*(b)*	921,739,130	9,218
Capital reorganisation	*(c)*	(10,096,088,713)	(100,961)
Issue of ordinary shares under share option scheme	*(d)*	8,412,658	84
Issue of ordinary shares under share option scheme	*(e)*	102,167,440	1,022
At 31 December 2018 and 1 January 2019		1,232,367,732	12,324
Capital reorganisation	*(f)*	**(1,170,749,346)**	**(11,707)**
Conversion of convertible bond to ordinary shares	*(g)*	**11,200,000**	**112**
Conversion of convertible bond to ordinary shares	*(h)*	**21,703,295**	**217**
Issue of ordinary shares under share option scheme	*(i)*	**472,608**	**4**
Issue of ordinary shares under share option scheme	*(i)*	**5,028,549**	**50**
At 31 December 2019		**100,022,838**	**1,000**

Notes:

(a) The preference shares are non-redeemable with par value of HK$0.01 each credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in 2012. According to the terms of the preference share policy, one preference share is eligible to convert into one new ordinary share any time no earlier than one year from the date of issue.

(b) On 11 June 2018, convertible bonds with an aggregate principal amount of HK$21,200,000 were converted into 921,739,130 ordinary shares of the Company at a conversion price of HK$0.023 each.

(c) Pursuant to a special resolution passed by shareholders at special general meeting of the Company on 22 June 2018, the Company effected the capital reorganisation (the "Capital Reorganisation 2018") which comprise the followings:

(i) reduction in the par value of each issued ordinary share of the Company from HK$0.01 to HK$0.001 by cancelling paid up capital to the extent of HK$0.009 on each issued ordinary share ("Capital Reduction"); and

(ii) consolidation of the issued ordinary shares of the Company immediately after the Capital Reduction ("Reduced Shares") on the basis that every 10 issued Reduced Shares of HK$0.001 each will be consolidated into one ordinary share of HK$0.01 each.

Details of the Capital Reorganisation 2018 are set out in the Company's announcements dated 15 May 2018, 25 May 2018 and 28 May 2018.

(d) On 24 July 2018, 8,412,658 share options were exercised to subscribe for 8,412,658 ordinary shares of the Company at the consideration of approximately HK$759,000 of which approximately HK$84,000 was credited to share capital and the balance of approximately HK$675,000 was credited to the share premium account. Amount of approximately HK$290,000 has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

33. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

(e) On 7 September 2018, 102,167,440 share options were exercised to subscribe for 102,167,440 ordinary shares of the Company at the consideration of approximately HK$9,216,000 of which approximately HK$1,022,000 was credited to share capital and the balance of approximately HK$8,194,000 was credited to the share premium account. Amount of approximately HK$3,574,000 has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

(f) Save as disclosed in the Company's circular dated 1 April 2019 in respect of a proposed capital reorganisation ("Capital Reorganisation 2019") which was approved by the Shareholders of the Company in a special general meeting of the Company on 24 April 2019, the Capital Reorganisation 2019 has become effect on 25 April 2019 as details below.

i. Reduction in the par value of each issued share from HK$0.01 to HK$0.0005 by cancelling paid up capital to the extent of HK$0.0095 on each issued share and round down of the total number of shares in the issued share capital of the Company immediately following the share consolidation to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation;

ii. Consolidation of the reduced shares on the basis that every 20 issued reduced shares of HK$0.0005 each will be consolidated into one consolidated share of HK$0.01 each.

(g) On 29 May 2019, convertible bonds with an aggregate principal amount of HK$18,592,000 were converted into 11,200,000 ordinary shares of the Company at a conversion price of HK$1.66 each.

(h) On 4 June 2019, convertible bonds with an aggregate principal amount of HK$39,500,000 were converted into 21,703,295 ordinary shares of the Company at a conversion price of HK$1.82 each.

(i) During the year ended 31 December 2019, 5,501,157 share options were exercised to subscribe for 5,501,157 ordinary shares of the Company at the consideration of approximately HK$6,349,000 of which approximately HK$55,000 was credited to share capital and the balance of approximately HK$6,294,000 was credited to the share premium account. Amount of approximately HK$3,934,000 has been transferred from share options reserve to the share premium account in accordance with the accounting policy adopted by the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The capital structure of the Group comprises all components of shareholders' equity.

The Group reviews the capital structure on a regular basis. As a part of this review, the Group monitors capital on the basis of net debt to adjusted equity ratio, the ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "adjusted equity", as shown in the consolidated statement of financial position, plus net debt. The Group considers the cost of capital and the risks associated with issued share capital and may adjust the ratio through dividend payments, issuing new shares, raising new debt financing or selling assets to reduce existing debts. The net debt to adjusted equity ratio as at 31 December 2019 is 0.54 (2018: 0.51).

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the date of the Listing. As of 31 December 2019, approximately 93.76% (2018: 91.96%) of the shares were in public hands.

34. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on the repurchase of shares. The application of the share premium account is governed by the Companies Act 1981 of Bermuda.

(ii) Contributed surplus

(a) The contributed surplus of the Group represents the difference between the aggregate of the nominal value of (i) the shares of the subsidiaries acquired pursuant to the Group reorganisation completed on 5 June 1998 (the "Group Reorganisation"); (ii) debt of approximately HK$17,039,000 (the "Debt") due by the then shareholders, Mr. Kwok Man Yu and his spouse, Ms. Lam Yuk Ang, to Corasia International (BVI) Limited, the former holding company of the Group, and assumed by the Company under the Group Reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and (iii) the credit arising from the capital reductions of approximately HK$112,950,000.

The contributed surplus of the Company arose as a result of the Group Reorganisation and represented the excess of the then combined net assets of the subsidiaries acquired, as reduced by the balance of the debt assumed by the Company pursuant to the capital reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and the credit arising from the capital reduction of approximately HK$112,950,000.

(b) The subsidiaries of the Group established in the PRC are required to transfer 10% of its profits after income tax determined in accordance with the accounting regulations in the PRC to the surplus reserve until the reserve balance reaches 50% of the respective registered capital of the PRC subsidiaries. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital of the PRC subsidiaries.

(iii) Convertible bonds equity reserve

The convertible bonds equity reserve represents the value of the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 2.3(o) to the consolidated financial statements.

34. RESERVES (CONTINUED)

(b) Nature and purpose of reserves (Continued)

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2.3(b)(iii) to the consolidated financial statements.

(v) Share option reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 2.3(ab) to the consolidated financial statements.

35. SHARE-BASED PAYMENTS

A share option scheme (the "Scheme") was adopted pursuant to a resolution passed at the annual general meeting of the Company held on 6 June 2013 for the primary purpose of providing incentives or rewards to eligible participants. Under the Scheme, the Company may grant options to any participant of certain defined categories. Saved as determined by the Directors and provided in the offer of the grant of the relevant option, there is no performance target requirement which must be achieved before the option can be exercised but the participant must remain in the categories upon exercise.

The total number of shares in respect of which options may be granted under the Scheme must not exceed 10% of the shares of the Company in issue as at the adoption date. The total number of shares issued and to be issued upon the exercise of the options granted to a participant in any 12-month period must not exceed 1% of the shares of the Company in issue. Any further grant of options in excess of the individual limit must be subject to shareholders' approval.

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 14 June 2019, the share option mandate limit was refreshed pursuant to which the Company was authorised to grant share options to subscribe for up to a maximum number of 9,452,168 shares after adjustment of Capital Reorganisation.

The option price is determined by the Board of Directors in its absolute discretion which, in any event, shall be at least the higher of (a) the closing price of the shares on the offer date; (b) the average closing price of the shares for the five business days immediately preceding the offer date; and (c) the nominal amount for the time being of each share.

35. SHARE-BASED PAYMENTS (CONTINUED)

Details of specific categories of options are as follows:

Date of grant	**Exercise period**	**Exercise price** HK$	*Notes*
3/7/2015	3/7/2015–2/7/2025	99	*(a)*
10/9/2015	10/9/2015–9/9/2025	69.8	*(b)*
22/7/2016	22/7/2016–21/7/2026	39.6	*(c)*
20/9/2017	20/9/2017–19/9/2027	7.8	*(d)*
9/7/2018	9/7/2018–8/7/2028	1.804	*(e)*
24/7/2019	24/7/2019–23/7/2029	1.144	

Notes:

As a result of the capital reorganisation effective on 25 April 2019, adjustments were made to the number of ordinary shares to be allotted and issued upon exercise of the subscription rights attaching to all these share options granted under the Scheme by the decrease of:

(a) 51,729,550 ordinary shares to 2,586,477 ordinary shares and the exercise prices of the options were adjusted from HK$4.95 per ordinary share to HK$99 per ordinary share;

(b) 51,500 ordinary shares to 2,575 ordinary shares and the exercise prices of the options were adjusted from HK$3.49 per ordinary share to HK$69.8 per ordinary share;

(c) 68,815,976 ordinary shares to 3,440,798 ordinary shares and the exercise prices of the options were adjusted from HK$1.98 per ordinary share to HK$39.6 per ordinary share;

(d) 96,090,156 ordinary shares to 4,804,507 ordinary shares and the exercise prices of the options were adjusted from HK$0.39 per ordinary share to HK$7.8 per ordinary share;

(e) 112,178,756 ordinary shares to 5,608,937 ordinary shares and the exercise prices of the options were adjusted from Hk$0.0902 per ordinary share to HK$1.804 per ordinary share.

35. SHARE-BASED PAYMENTS (CONTINUED)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of share options								
Name of category/ participant	At 1 January 2019	Granted during the year	Exercised during the year	Lapsed during the year	Share consolidation during the year	At 31 December 2019	Date of granted	Exercise year	Adjusted exercise price HK$
Directors									
Lin Yuhao		945,216				**945,216**	2019/7/24	24/7/2019 – 23/7/2029	1.144
	1,598,658	–			(1,518,726)	**79,932**	2018/7/9	9/7/2018 – 8/7/2028	1.804(restated)
	9,608,000				(9,127,600)	**480,400**	2017/9/20	20/9/2017 – 19/9/2027	7.8(restated)
	688,000	–	–	–	(653,600)	**34,400**	2016/7/22	22/7/2016 – 21/7/2026	39.6(restated)
Diao Jing		945,216				**945,216**	2019/7/24	24/7/2019 – 23/7/2029	1.144
Lin Yupa		945,216				**945,216**	2019/7/24	24/7/2019 – 23/7/2029	1.144
	8,500,000				(8,075,000)	**425,000**	2017/9/20	20/9/2017 – 19/9/2027	7.8(restated)
	20,394,658	2,835,648	–	–	(19,374,926)	**3,855,380**			
Employees									
In aggregate	4,360,102	–	–	(105,433)	(4,142,095)	**112,574**	2015/7/3	3/7/2015 – 2/7/2025	99(restated)
In aggregate	51,500	–	–	–	(48,925)	**2,575**	2015/9/10	10–9–2015 – 9/9/2025	69.8(restated)
In aggregate	20,559,976	–	–	(1,100,000)	(18,819,477)	**640,499**	2016/7/22	22/7/2016 – 21/7/2026	39.6(restated)
In aggregate	4,820,000	–	–	(550,000)	(4,056,500)	**213,500**	2017/9/20	20/9/2017 – 19/9/2027	7.8(restated)
In aggregate		6,616,510	(5,501,157)	–	–	**1,115,353**	2019/7/24	24/7/2019 – 23/7/2029	1.144
	29,791,578	6,616,510	(5,501,157)	(1,755,433)	(27,066,997)	**2,084,501**			
Consultants									
In aggregate	35,572,967	–	–	–	(33,794,320)	**1,778,647**	2015/7/3	3/7/2015 – 2/7/2025	99.000(restated)
	35,572,967	–	–	–	(33,794,320)	**1,778,647**			
	85,759,203	9,452,158 *(Note 1)*	(5,501,157) *(Note 2)*	(1,755,433)	(80,236,243)	**7,718,528**			

Note 1: The closing price of the shares immediately before the date on which the options were granted were HK$1.1.

Note 2: The weighted average closing price of the shares immediately before the date on which the options were exercise were HK$0.99.

35. SHARE-BASED PAYMENTS (CONTINUED)

The options outstanding at 31 December 2019 had an exercise price ranging from HK$1.144 to HK$99 (2018 (restated): HK$1.804 to HK$99) and a weighted average remaining contractual life of 8.03 years (2018: 7.35 years).

The fair value of share options is determined at the date of grant using Binominal Option Pricing Model by an independent valuer and the following assumptions were used to calculate the fair value of share options:

	24 July 2019	6 July 2018	20 September 2017	22 July 2016	10 September 2015	3 July 2015	13 April 2015
Fair value at measurement date	HK$6,758,820	HK$3,946,770	HK$24,609,958	HK$72,732,958	HK$87,497	HK$135,904,419	HK$11,252,776
Share price	HK$1.144	HK$0.092	HK$0.039	HK$0.198	HK$0.325	HK$0.465	HK$0.104
Exercise price	HK$1.144	HK$0.092	HK$0.039	HK$0.198	HK$0.349	HK$0.495	HK$0.104
Expected volatility (expressed as weighted average Volatility used in the modeling under the Binominal Option Pricing Model)	108%	71%	62%	59%	65%	65%	65%
Option life (expressed as weighted average life used in the modeling under the Binominal Option Pricing Model)	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Expected dividends	0%	0%	0%	0%	0%	0%	0%
Risk-free interest rate (based on exchange fund notes)	1.5%	2.1%	1.5%	1.01%	1.53%	1.87%	1.49%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The equity-settled share-based payment charged to the profit or loss was approximately HK$6,759,000 (2018: HK$3,947,000) for the year ended 31 December 2019.

At the end of the reporting period, the Company has 7,718,528 (2018 (restated): 4,287,960) share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 7,718,528 additional ordinary shares of the Company and additional share capital of approximately HK$77,000.

36. OPERATING LEASE COMMITMENTS

At 31 December 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises and farmland as follows:

	2018 HK$'000
Within one year	13,911
In the second to fifth years	34,647
Over five years	18,482
	67,040

During the year ended 31 December 2018, operating lease payments represent rentals payable by the Group for certain of its offices premises and farmland. For the year ended 31 December 2018, leases are negotiated for an average term of 1 to 26 years and rentals are fixed over the lease terms and do not include contingent rentals.

37. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments for acquisition of property, plant and equipment:

	2019 HK$'000	2018 HK$'000
Contracted but not provided for:		
Purchase/construction of property, plant and equipment	**788**	803

38. MAJOR NON-CASH TRANSACTIONS

(a) Deregistration of a subsidiary

On 5 August 2019, the Group deregistered of its entire interests in a wholly-owned subsidiary, namely, Dongguan Xin Feng Vegetable Trading Co. Ltd. ("XF"), which was dormant.

Net liabilities of XF at the date of the deregistration were as follows:

	HK$'000
Accounts payable	889
Other payables	176
Amount due to an intermediate holding company	4,062
Net liabilities	5,127
Wavier of amount due to an intermediate holding company	(4,062)
Gain on deregistration	(1,065)
	–

38. MAJOR NON-CASH TRANSACTIONS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table set forth below is the detail 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.

	1 January 2019 HK$'000	Impact on initial application of HKFRS 16 HK$'000	Addition during the year HK$'000	Cash flows, net HK$'000	Interest expense/ finance lease charges HK$'000	Recognised as equity component HK$'000	Conversion to ordinary share HK$'000	Exchange realignment HK$'000	31 December 2019 HK$'000
Convertible bonds – liability component *(Note 27)*	41,577	–	–	54,943	3,782	(3,393)	(56,197)	–	40,712
Bonds *(Note 28)*	40,975	–	–	(12,293)	3,470	–	–	(812)	31,340
Promissory notes *(Note 29)*	27,250	–	–	–	–	–	–	–	27,250
Interest-bearing bank and other borrowings *(Note 30)*	79,822	–	–	71,284	2,917	–	–	(1,481)	152,542
Lease liabilities *(Note 31)*	–	45,229	11,421	(14,129)	4,920	–	–	(1,968)	45,473
Finance lease payables *(Note 31)*	244	(244)	–	–	–	–	–	–	–
	189,868	44,985	11,421	99,805	15,089	(3,393)	(56,197)	(4,261)	297,317

	1 January 2018 HK$'000	Cash flows HK$'000	Interest expense/ finance lease charges HK$'000	Recognised as equity component HK$'000	Early redemptions of bond HK$'000	Exchange realignment HK$'000	31 December 2018 HK$'000
Convertible Bonds - liability component *(Note 27)*	–	61,064	3,101	(2,127)	(20,461)	–	41,577
Bonds *(Note 28)*	28,204	11,310	2,794	–	–	(1,333)	40,975
Promissory notes *(Note 29)*	24,770	–	2,480	–	–	–	27,250
Interest-bearing bank and other borrowings *(Note 30)*	32,260	38,682	13,664	–	–	4,784	79,822
Finance lease payables *(Note 31)*	408	(178)	14	–	–	–	244
	85,642	110,878	22,053	(2,127)	(20,461)	(6,117)	189,868

38. MAJOR NON-CASH TRANSACTIONS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2019 HK$'000	2018 HK$'000
Within operating cash flows	**4,920**	14
Within financing cash flows	**9,209**	164
	14,129	178

These amounts relate to the following:

	2019 HK$'000	2018 HK$'000
Lease rental paid	**13,951**	–
Payments for right-of-use assets	**178**	178
	14,129	178

39. EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of subscription shares to a connected person under specific mandate

Subsequent to the end of reporting period, the Company, Sino Richest Investment Holdings Limited (the "Subscriber") and Mr. Lin Yuhao, a non-executive director of the Company and also the ultimate beneficial owner of the Subscriber, entered into a subscription agreement (as amended and supplemented by the supplemental agreement) on 17 January 2020, pursuant to which Mr. Lin Yuhao agrees to waive and release the outstanding indebtedness in the equivalent amount of approximately HK$56,000,000 owed by the Company to him under the interest-free personal loans as part of the consideration for the subscription of 200,000,000 ordinary shares of the Company at the subscription price of HK$0.65 per share ("Subscription Shares"); and the Company has conditionally agreed to allot and issue the Subscription Shares to the Subscriber under the specific mandate and the whitewash waiver (the "Subscription").

Details of the Subscription were set out in the Company's announcements and circular dated 6 February 2020, 27 February 2020, 19 March 2020 and 20 March 2020.

As of the approval date on these financial statements, the Subscription has yet been completed.

39. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

(b) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "COVID-19 outbreak") has spread across China and other countries which has affected the businesses and economic activities of the Group to some extent. The Group's businesses in 2020 could possibly be affected by the global economic curtailment. The overall financial effect cannot be reliably estimated as of the date of these consolidated financial statements. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position and operating results of the Group.

40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation. The changes were made for the reclassification of certain line items of financial performance and cash flows previously reported under the line item of "discontinued operation" as continuing operations for all periods presented following the Company ceased to classify a component as held for sale in prior years during the year ended 31 December 2019. As a result, the comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and relevant notes to the consolidated financial statements were required to be re-presented. The new classification of the accounting items was considered to provide a more appropriate presentation of the financial performance of the Group.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Group's principal subsidiaries at the end of the reporting period are set out as follows:

Name of company	Place of incorporation/ principal place of business	Particular of paid-up capital/ registered capital	Percentage of ownership interest held by the Company		Principal activities
			Directly	Indirectly	
Jiangxi Anyi Congyu Agricultural Development Company Limited* #	PRC/PRC	RMB30,000,000	–	100	Growing, processing and selling vegetables
Guangdong Cypress Jade Agricultural Group Company Limited*△	PRC/PRC	RMB30,000,000	–	100	Processing and selling vegetables
Ningxia Cypress Jade Agricultural Development Company Limited*△	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Guangzhou Luyuan Agricultural Development Company Limited*△	PRC/PRC	RMB10,000,000	–	100	Growing, processing and selling vegetables
Shenzhen Cypress Jade Food Trading Company Limited* #	PRC/PRC	RMB1,000,000	–	100	Processing and selling vegetables
Viva State Limited	BVI/Hong Kong	US$1	–	100	Management services
Golden Rich (HK) Limited	Hong Kong/Hong Kong	HK$10,000	–	100	Investment holding
Golden Rich International Financial Group Limited	Hong Kong/Hong Kong	HK$1	–	100	Investment holding
Golden Rich Finance Limited	Hong Kong/Hong Kong	HK$25,000,000	–	100	Money lending business
Golden Rich Securities Limited	Hong Kong/Hong Kong	HK$33,400,000	–	100	Securities brokerage service
Shenzhen Taihengfeng Technology Company Limited*△	PRC/PRC	RMB1,000,000	–	100	Investment holding
Shenzhen Shenglianfeng Electronics Company Limited*△	PRC/PRC	RMB100,000,000	–	100	Investment holding
Shenzhen Shenglianfeng Micro Finance Company Limited*△	PRC/PRC	RMB150,000,000	–	100	Money lending business

* For identification purpose only

\# Registered as wholly-foreign-owned enterprises under the PRC law.

△ Registered as limited liability companies under the PRC law.

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Property, plant and equipment	**1**	78
Investments in subsidiaries	**178,584**	202,578
Rights-of-use assets	**1,876**	–
	180,461	202,656
Current assets		
Other receivables	**1,285**	2,016
Bank balances and cash	**25**	1,583
	1,310	3,599
Current liabilities		
Other payables	**9,783**	6,631
Convertible bonds	**40,712**	41,577
Bonds	**31,340**	40,975
Promissory notes	**27,250**	–
Other borrowings	**4,620**	–
Lease liabilities	**1,742**	–
	115,447	89,183
Net current liabilities	**(114,137)**	(85,584)
Total assets less current liabilities	**66,324**	117,072
Capital and reserves		
Share capital	**1,030**	12,354
Reserves	**64,986**	77,468
Total equity	**66,016**	89,822
Non-current liabilities		
Promissory notes	**–**	27,250
Lease liabilities	**308**	–
	308	27,250
	66,324	117,072

Approved and authorised for issue by the Board on 27 March 2020.

LIN Yuhao	**DIAO Jing**
Chairman	*Director*

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movements in Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2018	102,991	781,664	85,146	–	214,419	(941,950)	242,270
Loss and total comprehensive income for the year	–	–	–	–	–	(188,959)	(188,959)
Issue of convertible bonds	–	–	–	2,127	–	–	2,127
Issue of ordinary share from conversion of convertible bonds	9,218	11,943	–	(700)	–	–	20,461
Reduction of share capital	(100,961)	–	100,961	–	–	–	–
Setting off accumulated loss	–	–	(100,961)	–	–	100,961	–
Recognition of share-based payments	–	–	–	–	3,947	–	3,947
Lapse of share options	–	–	–	–	(79,333)	79,333	–
Issue of shares under share option scheme	1,106	12,734	–	–	(3,864)	–	9,976
At 31 December 2018	**12,354**	**806,341**	**85,146**	**1,427**	**135,169**	**(950,615)**	**89,822**
Impact on initial application of HKFRS 16	–	–	–	–	–	**(171)**	**(171)**
At 1 January 2019 as restated	**12,354**	**806,341**	**85,146**	**1,427**	**135,169**	**(950,786)**	**89,651**
Loss and total comprehensive income for the year	–	–	–	–	–	**(96,331)**	**(96,331)**
Issue of convertible bonds	–	–	–	**3,393**	–	–	**3,393**
Issue of ordinary share from conversion of convertible bonds	**329**	**59,259**	–	**(3,393)**	–	–	**56,195**
Reduction of share capital	**(11,707)**	–	**11,707**	–	–	–	
Setting off accumulated loss	–	–	**(11,707)**	–	–	**11,707**	–
Recognition of share-based payments	–	–	–	–	**6,759**	–	**6,759**
Lapse of share options	–	–	–	–	**(17,919)**	**17,919**	–
Issue of shares under share option scheme	**54**	**10,229**	–	–	**(3,934)**	–	**6,349**
Changes in equity for the year	**(11,324)**	**69,488**	–	–	**(15,094)**	**(66,705)**	**(23,635)**
At 31 December 2019	**1,030**	**875,829**	**85,146**	**1,427**	**120,075**	**(1,017,491)**	**66,016**

FIVE YEAR SUMMARY

A summary of the published results and assets and liabilities of the Group for the latest five years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Re-presented)		(Re-presented)	
Turnover	**311,422**	176,198	82,669	92,572	101,241
Loss for the year	**(59,584)**	(158,594)	(72,929)	(520,683)	(42,397)
Attributable to:					
Equity shareholders of the Company	**(59,582)**	(158,594)	(72,929)	(520,683)	(42,397)
Total assets	**638,659**	454,030	477,953	480,142	520,954
Total liabilities	**(455,034)**	(271,705)	(145,941)	(124,035)	(182,012)
Net assets	**183,625**	182,325	332,012	356,107	338,942