百德國際有限公司
Pak Tak International Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 2668

2019
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

Mr. Chan Ngai Sang Kenny
(Appointed on 1 October 2019)
Mr. Liu Kam Lung *(Resigned on 1 October 2019)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
(Appointed on 1 October 2019)
Mr. Liu Kam Lung *(Chairman)*
(Resigned on 1 October 2019)
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
(Appointed on 1 October 2019)
Mr. Liu Kam Lung *(Chairman)*
(Resigned on 1 October 2019)
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

REMUNERATION COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
(Appointed on 1 October 2019)
Mr. Liu Kam Lung *(Chairman)*
(Resigned on 1 October 2019)
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

STRATEGIC COMMITTEE

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

INVESTMENT AND FUND RAISING COMMITTEE

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shin Yick Fabian

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR &TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, 625 King's Road
North Point, Hong Kong

HONG KONG LEGAL ADVISER

Chiu & Partners
40/F, Jardine House
1 Connaught Place
Central, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019.

The manufacturing and trading of garments ("**Garments Business**") were the major business and revenue sources of the Group throughout the years. Garments Business had encountered many challenges, especially in facing the increase of local and domestic labour cost, a decrease in export market demand, therefore its overall performance was continuously declined. In order to diversify the business risk on such segment and expand income streams, the Company had identified and explored potential business development opportunities since 2017, including supply chain business, leasing business, money lending business, securities investment, and property investment.

During the year, under the haze of United States-China trade argument and unstable political environment of the European Union, the Company decided to dispose the Garment Business for reducing the liabilities of the Group and improving its financial positions. Disposal of Garment Business was to enable the Group to reallocate its resources to the existing businesses of the Group. The Group was no longer be engaged in the Garment Business after its disposal.

For the year ended 31 December 2019, the Group recorded a significant increase in the net profit of approximately HKD54.5 million as compared to the net loss of HKD9.1 million for the corresponding period in 2018. Such turnaround from net loss to net profit of the Group was mainly attributable to the increase in turnover and profit contribution in the supply chain business; the positive impact arising from profit sharing of the results of the unlisted equity investment against its loss sharing in last year, and the one-off gain arising from the disposal of the Garments Business which was completed in May 2019.

The supply chain business focuses on the sourcing and distribution of non-ferrous metals and construction materials, as well as providing value-added services including but not limited to inventory management and logistics supports to our customers. With the commitment of all staff members, the supply chain business and leasing business grow steadily during the year. In the meantime, facing a volatile global stock market and heightened uncertainties, the Group adopted a prudent approach in the other continuing operations to minimise its credit and business risks.

LOOKING FORWARD

Since January 2020, the outbreak of Coronavirus disease (COVID-19) has an impact on the global business environment. Whilst COVID-19 epidemic, may have an impact on business and the future financial results of the Group, we will closely monitor the situation of COVID-19 and react actively to its impact on the financial position and operating results of the Group. We will also continue to expand our supply chain and leasing businesses and we target to develop business relationships with some high-worth and reputable customers. In addition, the management of the Group will continue to exercise prudence to operate our other core businesses for generating stable income and sustaining its growth under the unstable economic environment. Meanwhile the management of the Group and I shall continue to lead the Group to move forward while taking the initiative to provide great support to all employees to overcome the difficult times in order to further create value for our shareholders, customers, and employees, and strive to bring better returns for all shareholders.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude and appreciation toward all our shareholders, our customer, suppliers and business partners for their supports, trust and confidence, and to the management and staff for their outstanding efforts and dedication.

Wang Jian
Chairman

Hong Kong, 20 March 2020

BUSINESS REVIEW

For the year ended 31 December 2019, the principal activities of the Group are: (i) supply chain business (the "**Supply Chain Business**"), (ii) leasing business (the "**Leasing Business**"), (iii) property investment and consultancy (the "**Property Investment**"), (iv) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Money Lending Business**") and (v) securities investment (the"**Securities Investment**"). Following the completion of the disposal of the manufacturing and trading of garment business companies, the Group ceased to operate such business on 31 May 2019.

Continuing Operations

Supply Chain Business
During the year ended 31 December 2019, the Supply Chain Business recorded a revenue of HKD1,445.4 million, representing an increase of HKD399.8 million as compared with the corresponding period in 2018. Such increase was mainly due to the expansion in the supply chain of non-ferrous metals and construction materials with providing credit terms. During the current year, the Supply Chain Business mainly focused on the sourcing and distribution of non-ferrous metals and construction materials. The Group also provides value-added services including but not limited to inventory management and logistics support, to broaden the income stream from such business. Its customers include major non-ferrous metals mining and production companies and integrated infrastructure companies in the People's Republic of China (the "**PRC"** or **"China**").

Leasing Business
The Leasing Business is operated through direct lease or sale-and-leaseback arrangement. As at 31 December 2019, the aggregate finance lease receivables was HKD74.9 million and recognised revenue of HKD8.5 million for the year ended 31 December 2019. The Group's current customers in the Leasing Business are from the construction, new economy, entertainment and renewable energy sectors. The Group will continue to focus on such sectors for any potential cooperation opportunities. As at the date of this annual report, all the finance lease receivables as at 31 December 2019 have been collected and received on time. The Group adopted a prudent approach in the Leasing Business to minimise its credit and business risks.

Property Investment
During the year ended 31 December 2019, the investment properties located in Yunfu, PRC recorded a revenue of rental income of HKD4.9 million. As at 31 December 2019, the fair value of the above investment properties amounted to HKD191.1 million resenting a fair value gain of HKD8.0 million. The Group will continue to lease out the investment properties for rental income and the Group may realise its properties investment to enhance the Group's working capital if necessary and when timing is appropriate.

Money Lending Business
As at 31 December 2019, loans receivables of the Money Lending Business amounted to HKD15.0 million which are repayable within a year, and recognised revenue of HKD7.6 million for the year ended 31 December 2019. During the year ended 31 December 2019, all of the customers in the Money Lending Business are corporations and are secured borrowings. The rate of return of the Money Lending Business is in the range of 8% to 12%. All the loan receivables are repayable according to the repayment schedules. In order to ensure a healthy development for Money Lending Business, the Group will continue to adopt a prudent risk management policy, and also to carry out regularly review of credit risk over the existing borrowers.

Securities Investment
The Group conducts securities investment activities included listed securities in its ordinary and normal course of business. The Group adopts a prudent investment strategy for short-term investments and long-term investments and will closely monitor the market changes and adjust its investment portfolio as and when necessary.

Discontinued Operation

Garments Business

On 31 May 2019, the Company entered into a share transfer agreement with an independent third party for the disposal of the entire issued share capital of Mega Grade Holdings Limited ("**Mega Grade**") at cash consideration of RMB10,000 (equivalent to approximately HKD11,364) (the "**Disposal**"). Mega Grade and its subsidiaries ("**Mega Grade Group**") is principally engaged in the manufacturing and trading of garments. Completion took place immediately upon the execution of the agreement. Upon completion of the Disposal, the Mega Grade Group has ceased to be part of the Group and the Group no longer engages in the business of manufacturing and trading of garments.

Details of the Disposal were disclosed in the Company's announcement dated 31 May 2019.

FINANCIAL REVIEW

Below is an analysis of our key financial information including but not limited to revenue, expenses and profit for the year, which reflected the financial position of our business.

Revenue

For the year ended 31 December 2019, the Group recorded a total revenue of HKD1,466.3 million, representing an increase of 35.7% as compared with that for the year ended 31 December 2018 of HKD1,080.5 million. Such increase was mainly attributable to the revenue generated in Supply Chain Business of HKD1,445.4 million as compared with HKD1,045.6 million for the year ended 31 December 2018.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD20.9 million as compared with that of the year ended 31 December 2018 of HKD34.9 million.

Expenses

For the year ended 31 December 2019, the Group's direct costs and operating expenses significantly increased by HKD367.7 million from HKD1,043.8 million for the year ended 31 December 2018 to HKD1,411.5 million for the year ended 31 December 2019. The increase in direct costs and operating expenses is mainly due to the significant growth in Supply Chain Business whereas the revenue from Supply Chain Business accounted for 98.6% of the Group's total revenue from continuing operations.

The Group's administrative expenses slightly increased by HKD1.6 million from HKD25.3 million for the year ended 31 December 2018 to HKD26.9 million for the year ended 31 December 2019.

The Group's finance cost from continuing operations increased by HKD5.3 million from HKD8.4 million for the year ended 31 December 2018 to HKD13.7 million for the year ended 31 December 2019. The increase in finance cost was mainly due to the full year recognition of interest expense for the unlisted bonds for the year ended 31 December 2019.

Profit for the year

For the year ended 31 December 2019, the Group recorded a net profit of approximately HKD54.5 million as compared to a net loss of approximately HKD9.1 million for the year ended 31 December 2018. Such turnaround from net loss to net profit was mainly attributable to (i) the profit contribution in the Supply Chain Business of HKD28.5 million (2018: loss of HKD1.8 million), (ii) the positive impact arising from profit sharing of HKD7.9 million of the results of Golden Affluent Limited ("**Golden Affluent**") against its loss sharing of HKD4.0 million for the year ended 31 December 2018, and (iii) the one-off gain of HKD35.9 million arising from the disposal of the garment business companies which was completed in May 2019.

Trade receivables

The significant increase in trade receivables of HKD295.8 million was primarily due to increased credit sales during the last two months of 2019 compared to the corresponding period in 2018. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by the management, which performs assessment of recoverability on a case-by-case basis.

Other receivables, prepayments and deposits

As at 31 December 2019, the Group's other receivables, prepayments and deposits increased by HKD7.0 million from HKD34.5 million as at 31 December 2018 to HKD41.5 million. Such increase was mainly due to a receivable balance of HKD29.7 million (2018: Nil) from the provision of accounts receivable management, financing and collection services.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2019, the cash and cash equivalents (excluding bank overdrafts) of the Group were HKD105.0 million (2018: HKD138.4 million) and interest-bearing borrowings, included the bonds, the borrowings and overdraft, were HKD461.6 million (2018: HKD323.9 million). The following table details the cash and cash equivalents, the bonds and the borrowings and overdraft of the Group at the end of the reporting period denominated in original currencies:

	At 31 December 2019		
	HKD ('000)	**RMB** ('000)	**USD** ('000)
Cash	56,370	43,547	—
Bonds	189,572	—	—
Borrowings and overdraft	70,000	180,771	—

	At 31 December 2018		
	HKD ('000)	**RMB** ('000)	**USD** ('000)
Cash	8,866	108,612	758
Bond	97,764	—	—
Borrowings and overdraft	61,698	144,442	—

The Group principally satisfies its demand for operating capital with cash inflow from its operations, bond issuance and borrowings. As at 31 December 2019, the gearing ratio, which is calculated on the basis of total borrowings over total shareholders' fund of the Group, was 93.4% (2018: 70.8%). The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.01 (2018: 0.97). The liquidity ratio is stable in comparison to the previous one.

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

The Group adopts strict and cautious policies in managing its exchange rate risk and interest rate risk. The principal foreign currency exchange risk stems from the exchange rate movements of the Hong Kong dollar, which is pegged to the United States dollar, and Renminbi. The sales of the Group and purchases of raw materials are mainly denominated in Renminbi, while the Group's operations in the PRC, the location of its production, are primarily conducted in Renminbi, its Hong Kong operations are conducted in Hong Kong dollar. The management will closely monitor such risk and will consider hedging significant foreign currency exposure should the need arise.

The interest rate risk arises from the bonds, borrowings and overdrafts, which, being obtained at variable rates and at fixed rates, expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through a variety of means.

PLEDGE ON GROUP ASSETS

As at 31 December 2019, certain of the Group's investment properties located in Yunfu, PRC with net carrying amount of HKD191.1 million (2018: HKD186.7 million) were pledged to secure banking facilities of the Group.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2019, the Company had provided corporate guarantees amounting to HKD168.7 million (2018: HKD111.9 million) in favour of certain banks and lenders in connection with facilities granted certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2019, the Group invested HKD3.0 million (2018: HKD75.9 million) on properties, plant and equipment and investment properties, which included leasehold improvements, leasehold property, plant and machinery, furniture, fixtures and equipment and motor vehicles. As at 31 December 2019 and 2018, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2019, the significant investments held by the Group are as follows:

	As 31 December 2019 HKD'000	As 31 December 2018 HKD'000
Investment in an associate	—	163,915
Financial assets at fair value through other comprehensive income	238,660	85,768
Financial assets at fair value through profit or loss	243	210
	238,903	249,893

Information in relation to the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 31 December 2019 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 31 December 2019 HKD'000	Percentage to the Group's total assets as at 31 December 2019	Change in fair value for the year ended 31 December 2019 HKD'000
Financial assets at fair value through other comprehensive income							
Listed equity securities in Hong Kong:							
0299	Glory Sun Land Group Limited ("**GS Land**")	Investment in shares	36,500,000	0.80%	31,025	2.89%	13,870
1282	Glory Sun Financial Group Limited ("**GS Financial**")	Investment in shares	85,000,000	0.29%	25,500	2.38%	(15,300)
Other					7,023		(20,789)
Sub-total					63,548		(22,219)
Unlisted equity securities in Hong Kong:							
	Golden Affluent	Investment in shares	13,921,278	15.90%	175,112	16.33%	4,429
Financial assets at fair value through profit or loss							
Listed equity securities in Hong Kong:							
Other					243		33
Total					238,903		(17,757)

The principal activities of the securities are as follows:

1. GS Land (formerly known as New Sports Group Limited) is a Hong Kong-based investment holding company and is principally engaged in property investment and development. Along with subsidiaries, GS Land operates its business through seven segments: (i) the real estate and property investment segment is principally engaged in the business of property development and property investment in the PRC; (ii) the trading of commodities segment is mainly involved in the trading of commodities in the PRC; (iii) the yacht club segment is engaged in the operation of a yacht club; (iv) the construction segment provides construction works in the PRC; (v) the education and training segment provides international education and training services; (vi) online game services segment is engaged in the provision of design, development and operation of mobile and web games; and (vii) the other is mainly involved in the operation of golf practice courts.

2. GS Financial (formerly known as China Goldjoy Group Limited) is an investment holding company and is principally engaged in the manufacture of high-technology products, and the trading of automation-related equipment. The company operates through three business segments: automation, manufacturing and securities investment. The company is also engaged in the research and development, trading of software, manufacturing of printed circuit board touch pad, as well as the development of business and the marketing of products through its subsidiaries.

3. Golden Affluent is principally engaged in investment holding and its subsidiaries are engaged in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Future Ordinance and provision of bullion services in Hong Kong; and private investment management services in the PRC.

Save as disclosed above, the Group also invested in other shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Each of the fair value of these shares represented less than 1% of the total assets of the Group as at 31 December 2019.

Save as disclosed above, there were no significant investments held by the Group for the year ended 31 December 2019.

INVESTMENT PROPERTIES HELD

Location	Usage	Tenure	Attributable interest of the Group
City Plaza, No.1 Yunxiang Avenue, Xijiang New District, Yunfu, Guangdong Province, the PRC	The investment property comprises 141 retailing shops for rental and/or capital appreciation	Granted the land use rights of the property until 29 October 2053.	100%

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Discloseable Transaction in Relation to the Disposal of Subsidiaries

As announced by the Company on 31 May 2019, the Company disposed of the entire issued share capital of Mega Grade at the consideration of RMB10,000 (equivalent to HKD11,364). The Mega Grade Group is principally engaged in the manufacturing and trading of garments. Completion of the Disposal took place on 31 May 2019. Thereafter the Mega Grade Group ceased to be subsidiaries of the Company.

Save as disclosed above, there were no other material acquisitions and disposals of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of approximately 40 employees (2018: approximately 510 employees). The total staff cost of the Group amounted to approximately HKD14.7 million for the year ended 31 December 2019, representing 1.0% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages are reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of different positions.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintain the high level of environmental and social standards to ensure sustainable development of its business. The Group has complied, to best of our knowledge, with the relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products to its customers so as to ensure sustainable development.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

The Company does not have any significant events after the reporting period.

FUTURE PROSPECTS

Increasing the Group's revenue growth and profitability will be the first priority for the Group in the year 2020, by enhancing the varieties of products, strengthening the marketing efforts and broaden the customer base. However, the recent outbreak of novel coronavirus pneumonia (COVID-19) has significantly halted the economy and the business operations in PRC, and will more or less have an impact on the Group's performance in this year. Nonetheless, the Group will continue to put the best effort to expand its Supply Chain Business and Leasing Business in the PRC, especially in the supply chain service on the provision of construction materials and leasing of construction machinery.

Meanwhile, the Group has started to provide accounts receivable management, financing and collection services, which is in line with the development of the Supply Chain Business. By the end of the reporting period, the Group had provided over RMB25 million of accounts receivable factoring services to its customers. It is expected that such services can generate considerable and stable income for the Group in the future.

For the other businesses including the Property Investment, Money Lending Business and Securities Investment, we will keep a cautious and prudent approach and maintain the current scale of such businesses.

Under full economic uncertainties caused by ongoing United States-China trade argument, unstable political environment and the recent outbreak of COVID-19, the management will remain prudent in its business operations for safeguarding its resources and achieving steady and stable growth of the Group.

The Directors and senior management at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Wang Jian, aged 49, was appointed as Chairman and Executive Director of the Company on 23 August 2016 and subsequently appointed as Chief Executive Officer of the Company, and the Chairman of each of the strategic committee (the "**Strategic Committee**") and the investment and fund raising committee (the "**Investment and Fund Raising Committee**") of the Company.

Mr. Wang has about 14 years of managerial experience in the construction and engineering industry. He was a legal representative for over 8 years of a company incorporated in the PRC that specialize in the construction engineering industry. Currently, Mr. Wang is also the director of Massive Thriving Limited ("**Massive Thriving**").

Pursuant to Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**"), 546,953,000 shares of the Company are held by Massive Thriving, which is wholly-owned by Mr. Wang. Accordingly, he is deemed to be interested in these shares, representing 18.86% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Mr. Feng Guoming, aged 53, was appointed as Executive Director of the Company on 5 January 2018.

Mr. Feng graduated from South China Normal University in the PRC. He has over 22 years of experience in technology, investments, banking, fund and finance industries in the PRC and Hong Kong. He served as the managing director of 上海豐實股權投資管理有限公司 (Shanghai Ample Harvest Equity Investments Management Limited), a subsidiary of Harvest Fund Management Co., Ltd. from 2015 to 2017, and he also served as the deputy general manager of China Financial International Investments Limited (stock code: 721), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, from 2012 to 2015. He worked as the managing director of 北京埃希奧科技有限公司 from 2010 to 2012. Currently, Mr. Feng is also the director of Tengyue Holding Limited ("**Tengyue Holding**") and Beyond Glory Holdings Limited ("**Beyond Glory**"), respectively.

Pursuant to Part XV of the SFO, 812,000,000 shares of the Company are held by Tengyue Holding, which is wholly-owned by Beyond Glory. As Beyond Glory is wholly-owned by Mr. Feng, he is deemed to be interested in these shares by virtue of SFO, representing 28% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Ms. Qian Pu, aged 30, was appointed as Executive Director of the Company on 8 September 2016. She is a member of each of the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company, the Strategic Committee and the Investment and Fund Raising Committee of the Company and one of the authorised representatives of the Company. She also holds directorships in certain subsidiaries of the Company.

Ms. Qian graduated from Huazhong University of Science and Technology, the PRC with a bachelor's degree in Arts and Wuhan University of Science and Technology, PRC with a bachelor's degree in Engineering respectively in 2012. Now she is admitting to a master's degree course in financial management from University of Alberta, Canada. She has over 6 years of managerial experience in finance investment.

NON-EXECUTIVE DIRECTORS

Mr. Law Fei Shing, aged 60, was appointed as Executive Director of the Company on 6 August 2013 and redesignated from Executive Director to Non-Executive Director of the Company on 16 December 2014.

Mr. Law is a member of American Institute of Certified Public Accountants, USA and an associate member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). He has over 30 years of experience in audit and accounting services.

Currently, Mr. Law is an executive director, deputy chief executive officer and the company secretary of Anxian Yuan China Holdings Limited (stock code: 922); and a non-executive director of S. Culture International Holdings Limited (stock code: 1255), respectively, shares of all which are listed on the Main Board of the Stock Exchange.

Mr. Law was a non-executive director of Beautiful China Holdings Company Limited (stock code: 706) from January 2014 to December 2017, which is listed on the Main Board of Stock Exchange. He was also an executive director of China Assurance Finance Group Limited (stock code: 8090) from December 2015 to March 2019, which is listed on GEM of the Stock Exchange.

Mr. Shin Yick Fabian, aged 51, was appointed as Non-executive Director of the Company on 9 February 2017. He is a member of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company.

He graduated from The University of Birmingham in England with a bachelor degree in commerce. He is a fellow member of each of the HKICPA, the Association of Chartered Certified Accountants, The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Company Secretaries. Mr. Shin has over 29 years of experience in investment banking and financial management.

Currently, Mr. Shin is an independent non-executive director of each of China Automobile New Retail (Holdings) Limited (formerly know as Lisi Group (Holdings) Limited) (stock code: 526), Newton Resources Ltd. (stock code: 1231), China Tianrui Automotive Interiors Co., Ltd (stock code: 6162) and Zhenye International Holdings Company Limited (stock code: 3363), since January 2013, August 2015, December 2018 and May 2019, respectively, shares of all which are listed on the Main Board of the Stock Exchange. In May 2019, he is appointed as an independent director of 廣東世運電路科技股份有限公司 (Guangdong Olympic Circuit Technology Holdings Limited) (stock code: 603920), which is listed on the Shanghai Stock Excahnge. In November 2017, He is also appointed as a director of Bio-key International Inc. (stock code: BKYI), shares which are listed on the NASDAQ Stock Market in USA.

Mr. Shin was an independent non-executive director of each China Shun Ke Long Holdings Limited (stock code: 974) from August 2015 to December 2018 and Huabang Financial Holdings Limited (formerly known as Goldenmars Technology Holdings Limited) (stock code: 3638) from September 2016 to October 2018, which are listed on the Main Board of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Sang Kenny, aged 55, was appointed as Independent Non-executive Director of the Company on 1 October 2019. He is the chairman of each of the Audit Committee, the Nomination Committee and the Remuneration Committee.

Mr. Chan has over 30 years of experience in accounting, taxation, auditing and corporate finance. He is a partner and founder of Kenny Chan & Co., a Certified Public Accountant firm. Mr. Chan obtained a bachelor's degree of commerce from The University of New South Wales in Australia. He is a member of each of the HKICPA, Chartered Accountants Australia and New Zealand, Certified Practising Accountant Australia, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

Currently, Mr. Chan is an independent non-executive director of each of CMIC Ocean En-Tech Holding Co., Limited (formerly known as TSC Group Holdings Limited) (stock code: 206) since October 2005, Minsheng Education Group Company Limited (stock code: 1569) since March 2017, Zhongyuan Bank Company Limited (stock code: 1216) since May 2017 and Hebei Construction Group Corporation Limited (stock code: 1727) since June 2017, and Kingland Group Holdings Limited (formerly known as Sing On Holdings Limited) (stock code: 1751) since June 2018, all of which are listed on the Main Board of the Stock Exchange.

In the past three years, Mr. Chan was an independent non-executive director of each of AMCO United Holding Limited (stock code: 630) from June 2015 to August 2017, Convoy Global Holdings Limited (stock code: 1019) from March 2015 to November 2017, WLS Holdings Limited (stock code: 8021) from April 2015 to December 2017 and Combest Holdings Limited (stock code: 8190) from February 2002 to February 2018, all of which are listed on the Main Board and GEM of the Stock Exchange, respectively.

Mr. Chan Kin Sang, aged 68, was appointed as Independent Non-executive Director of the Company on 3 April 2018. He is the member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Chan is currently a senior partner of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations). He obtained a bachelor's degree in Laws from the University of Hong Kong in 1979 and a postgraduate certificate in Laws from the University of Hong Kong in 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of The Hong Kong Institute of Directors since August 2004 and a chairman of the Appeal Tribunal (Buildings Ordinance Cap.123) since February 2007.

Currently, Mr. Chan is an independent non-executive director of each of China Fortune Financial Group Limited (stock code: 290), and Huakang Biomedical Holdings Company Limited (stock code: 8622), which are respectively listed on the Main Board and GEM of the Stock Exchange. He is also a non-executive director of Pan Hong Holdings Group Limited (stock code: P36), which is listed on the main board of Singapore Exchange Limited (the "**Singapore Exchange**"). He is also acting as a director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (stock code: 600234) which is listed on the Shanghai Stock Exchange.

In the past three years, Mr. Chan held directorships in a number of Hong Kong and Singapore listed companies, namely as an independent non-executive director of each of China Taifeng Beddings Holdings Limited (stock code: 873) from November 2009 to September 2017, which was delisted from the Main Board of the Stock Exchange on 19 February 2019; Tianhe Chemicals Group Limited (stock code: 1619) from June 2014 to September 2019, which is listed on the Main Board of the Stock Exchange; and Luxking Group Holdings Limited (stock code: BKK) from June 2005 to October 2019, which is listed on the main board of Singapore Exchange. He also acted as a non-executive director of each of China Healthcare Enterprise Group Limited (stock code: 1143) from October 2016 to July 2017 and Combest Holdings Limited (stock code: 8190) from June 2011 to January 2017, which are respectively listed on the Main Board and GEM of the Stock Exchange.

Mr. Zheng Suijun, aged 57, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 14 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Mr. Sze Kat Man, aged 33, joined the Group in October 2014 as the Financial Controller of the Group and was appointed as company secretary (the "**Company Secretary**") and authorised representative of the Company in April 2017. He also holds directorships in certain subsidiaries of the Company. He is currently responsible for the overall financial management and company secretarial matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the HKICPA. He has over 11 years of experience in professional audit and accounting fields.

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the Supply Chain Business, Leasing Business, Property Investment, Money Lending Business and Securities Investment. The principal activities and other particulars of the Company's subsidiaries are set out in note 38 to the consolidated financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 December 2019 by segments are set out in note 12 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 118 of this annual report.

BUSINESS REVIEW

Details of the Group's business review and business prospect during the year are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidate statements of profit or loss and other comprehensive income on pages 43 and 44 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (31 December 2018: Nil).

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2019 are set out in the consolidated statement of change in equity on page 47 of this annual report.

SHARE CAPITAL

As at 31 December 2019, the issued share capital of the Company was 2,900,000,000 ordinary shares of HKD0.02 each (the "**Share(s)**").

Movements in the share capital of the Company during the year are set out in note 30(c) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws (the "**Bye-laws**") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

CHARITABLE DONATIONS

During the year, the Group has not made any charitable donations (2018: HKD30,000).

BORROWINGS

As at 31 December 2019, the Group had the bonds, borrowings and overdraft of approximately HKD461.6 million (2018: HKD323.9 million).

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2019, the Group acquired property, plant and equipment at a cost of approximately HKD3.0 million for the purpose of expanding the Group's business (2018: HKD75.9 million).

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2019, the five largest customers of the Group together accounted for 79.2% of the Group's total revenue, with the largest customer accounting for 47.1% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 90.1% of the total purchase of the Group for the year ended 31 December 2019, and the largest supplier accounted for 75.3% of the Group's total purchases.

During the year under review, none of the Directors or any of their associates or any shareholder of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers mentioned above.

EQUITY-LINKED AGREEMENT

Save for the share option scheme of the Group as disclosed in the section headed "Share Option Scheme", no equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

RELATED PARTY TRANSACTION

The Group entered into certain related party transactions as disclosed in note 36 to the consolidated financial statements. Details of any related party transactions which also constitute continuing connected transactions not exempted under Rule 14A.73 of the Listing Rules are disclosed in the section headed "Continuing Connected Transactions" in this annual report. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

CONTINUING CONNECTED TRANSACTION

Licence Agreement and Lease Agreement

On 18 June 2014, the Company, as licencee, entered into a licence agreement (the "**HK Licence Agreement**") with Pak Tak Knitting & Garment Factory Limited ("**Pak Tak Knitting**"), as licensor, in relation to the licencing of certain part located at Units 405-410, 4/F, Fanling Industrial Centre, 21 On Kui Street, Fanling, New Territories, Hong Kong.

On the same day, Pak Tak Knitting (Dong Guan) Limited ("**Pak Tak DG**"), a then indirectly wholly-owned subsidiary of the Company, as tenant, entered into a lease agreement (the "**PRC Lease Agreement**") with Pak Tak Knitting, as landlord, in relation to the leasing of certain part of the factory complex located at Qiao Long Road, Qiaotou Town, Dongguan, Guangdong Province, the PRC.

Mr. Cheng Kwai Chun is a director of the then Company's subsidiary and the director of Pak Tak Knitting, and accordingly, Pak Tak Knitting is a connected person of the Company by virtue of being an associate of Mr. Cheng. Consequently, the transactions under the HK Licence Agreement and the PRC Lease Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the HK Licence Agreement and the PRC Lease Agreement were as follows:

HK Licence Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly licence fee	:	HKD75,100
Use of the licence	:	As ancillary office by the Company

PRC Lease Agreement

Term	:	Five years from 19 September 2014 to 18 September 2019
Monthly rent fee	:	HKD320,000
Use of the premises	:	As factory and ancillary office by the Pak Tak DG

The annual caps in respect of the transactions under the HK Licence Agreement and the PRC Lease Agreement for each financial year during the term of each of the HK Licence Agreement and the PRC Lease Agreement is HKD901,200 and HKD3,840,000 respectively. The annual licence fee and annual rent paid or payable by the Company and Pak Tak DG under the HK Licence Agreement and PRC Lease Agreement respectively, for each of the five financial years was as follows:

Term	**Licence fee** HKD'000	**Rent** HKD'000
19 September 2014 to 31 March 2015	478	2,037
1 April 2015 to 31 March 2016	901	3,840
1 April 2016 to 31 March 2017	901	3,840
1 April 2017 to 31 December 2017	676	2,880
1 January 2018 to 31 December 2018	901	3,840
1 January 2019 to 31 May 2019*	376	1,600

* *On 31 May 2019, Pak Tak DG ceased to be a subsidiary of the Company after the completion of the disposal Garment Business.*

The terms of the HK Licence Agreement and the PRC Lease Agreement were arrived at after arm's length negotiations between the Company, Pak Tak DG and Pak Tak Knitting and determined with reference to the prevailing market rent of the surrounding comparable premises in the vicinity of the licensed premises and the leased premises based on the opinion of an independent qualified professional valuer. Further details of the continuing connected transactions were set out in the announcement of the Company dated 18 June 2014 and the circular of the Company dated 29 July 2014.

Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditor was engaged to report on the continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has reported the factual findings on these procedures to the Board of Directors. The auditor has confirmed to the Board in writing that for the year ended 31 December 2019, the abovementioned continuing connected transactions:

(i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions had not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes them to believe that the transactions were not entered into in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set and disclosed by the Company in the Company's announcements dated 29 July 2014.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the continuing connected transactions and confirmed that for the year ended 31 December 2019 such transaction has been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming
Ms. Qian Pu

Non-Executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-Executive Directors

Mr. Chan Ngai Sang Kenny *(Appointed on 1 October 2019)*
Mr. Liu Kam Lung *(Resigned on 1 October 2019)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

DIRECTORS' SERVICE CONTRACTS

Each Executive Director has entered into continuous service contract with the Company. Except for one Non-executive Director, all Non-executive Directors (including Independent Non-executive Directors) are appointed for an initial term of one year or three years. All the Directors are subject to retirement in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the Bye-laws.

In accordance with the Bye-laws, Mr. Feng Guoming, Mr. Law Fei Shing, Mr. Chan Kin Sang and Mr. Chan Ngai Sang Kenny will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

The Company has received an annual confirmation of independence from each of the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors as independent.

The biographical details of Directors are set out in the section headed "Directors and Senior Management Profile" of this annual report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2019.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during this period.

COMPETING INTERESTS

During the year ended 31 December 2019, Mr. Law Fei Shing, being Non-executive Director had interests in the following businesses (apart from the businesses of the Group) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Company	Interest in the Competing Business	Nature of Competing Business
Excel Precise International Limited	director and shareholder	Money lending business
Excel Precise Securities Limited	director and shareholder	Securities investment

Save as disclosed above, none of the Directors is interested in any business (apart from the business of the Company or its subsidiaries) which compete, either directly or indirectly, with the principal business of the Company or its subsidiaries during year.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the Directors may grant options to eligible employees, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants to subscribe for shares in the Company, at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not exceed 10% of the Shares in issue on the date of approval of the refreshed limit.

The resolution of refreshment of the share option scheme limit under the Scheme was duly passed on 22 August 2016. As at 31 December 2019, the total number of Shares available for issue under the Scheme was 141,500,000 Shares, representing 4.88% of the issued Shares of the Company.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the year and there were no outstanding options as at 31 December 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules were as follow:

Name of Directors	Number of Shares Held *(Note 1)*	Capacity	Approximate % Shareholding *(Note 2)*
Mr. Feng Guoming ("**Mr. Feng**") *(Note 3)*	812,000,000	Interests of controlled corporation	28.00%
Mr. Wang Jian ("**Mr. Wang**") *(Note 4)*	546,953,000	Interest of controlled corporation	18.86%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2019, which was 2,900,000,000.

3. These 812,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.

4. These 546,953,000 Shares owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of SFO.

Save as disclosed above, as at 31 December 2019, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, and Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 December 2019 was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors or their connected entities to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2019, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of Shareholding** *(Note 2)*
Tengyue Holding *(Note 3)*	812,000,000	Beneficial owner	28.00%
Beyond Glory *(Note 3)*	812,000,000	Interest of controlled corporation	28.00%
Massive Thriving *(Note 4)*	546,953,000	Beneficial owner	18.86%
Mr. Huang Shilong	275,500,000	Beneficial owner	9.50%
Mr. Yao Jianhui ("**Mr. Yao**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
Bao Xin International Group Limited ("**BXIG**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
Bao Xin Development Limited ("**BXDL**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%

Name of Shareholders	Number of Shares Held *(Note 1)*	Capacity	Approximate % of Shareholding *(Note 2)*
Tinmark Development Limited ("**Tinmark**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
GS Financial *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
Glory Sun Financial Holdings Limited ("**GSFH**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
Great Sphere Developments Limited ("**Great Sphere**") *(Note 5)*	273,387,950	Interest of controlled corporation	9.43%
Stellar Result Limited ("**Stellar Result**") *(Note 5)*	203,377,950	Interest of controlled corporation	7.01%
Glory Sun Credit Limited ("**GSCL**") *(Note 5)*	203,377,950	Person having a security interest in Shares	7.01%
Glory Sun Securities Limited ("**GSSL**") *(Note 5)*	70,010,000	Beneficial owner	2.41%

Notes:

1. All interests disclosed above represent long positions in the Shares/underlying Shares of the Company.

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2019, which was 2,900,000,000.

3. These 812,000,000 Shares are owned by Tengyue Holding which is wholly-owned by Beyond Glory. In addition, Beyond Glory is wholly owned by Mr. Feng. Accordingly, Beyond Glory and Mr. Feng are deemed to be interested in all the Shares held by Tengyue Holding by virtue of SFO.

4. These 546,953,000 Shares owned by Massive Thriving which is wholly-owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the Shares held by Massive Thriving by virtue of SFO.

5. According to the corporate substantial shareholder notices filed on 3 June 2019, 30 December 2019 and 31 December 2019 by each of GSCL, Stellar Result, Tinmark, GSSL, Great Sphere, GSFHL, GS Financial, BXDL and BXIG; and the individual substantial shareholder notice filed on 31 December 2019 by Mr. Yao Jianhui, GSCL is interested in 203,337,950 Shares by way of a security interest in those Shares. GSCL is wholly-owned by Steller Result, which is in turn wholly-owned by GSFH; GSFH is wholly-owned by Great Sphere, which is in turn wholly-owned by GS Financial; GS Financial is owned by BXDL and Tinmark, which are wholly-owned by BXIG. GSSL is indirectly owned by BXIG, through Tinmark, GS Financial, GSFH and Great Sphere. In addition, BXIG is wholly-owned by Mr. Yao. Accordingly, Mr. Yao is deemed to be interested in all 273,387,950 Shares held by GSCL and GSSL by virtue of SFO.

Save as disclosed above, as at 31 December 2019, the Company had not been notified of any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2019 interim Report of the Company is set out below:

Director	Details of Changes
Mr. Chan Kin Sang	Resigned as an independent non-executive director of Tianhe Chemicals Group Limited (stock code: 1619), a company listed on the Main Board of the Stock Exchange with effect from 1 September 2019.
	Resigned as an independent non-executive director of Luxking Group Holdings Limited (stock code: BKK), a company listed on the main board of Singapore Exchange with effect from 21 October 2019.

Save as disclosed, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The 2020 Annual General Meeting of the Company is scheduled to be held on Friday, 12 June 2020 (the "**AGM**"). The register of members of the Company will be closed from Monday, 8 June 2020 to Friday, 12 June 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 5 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the year ended 31 December 2019 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2019, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Company has complied with all the applicable code provisions as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "**CG Code**") throughout the year under review, with the exception of a few deviations. The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of maintaining high corporate governance standards.

Detailed information on the Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company is being prepared and will be published within three months after the publication of this annual report.

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2019 have been audited by Baker Tilly Hong Kong Limited ("**BTHK**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board
Wang Jian
Chairman and Chief Executive Officer

Hong Kong, 20 March 2020

CORPORATE GOVERNANCE REPORT

The Company's corporate governance structure mirrors the provisions of the CG Code as set out in Appendix 14 of the Listing Rules. The Company ascribes to good governance and transparency with a view that through these business ethics, shareholders and other stakeholders are assured of a solid and credible business framework. The Company recognises the need to adapt and improve business practices in the light of the evolving business environment, investor expectations and regulatory requirements. The Board is tasked to review the corporate governance structure of the Company and effect changes whenever necessary. It views the need for transparency in practices and policies and making informed decisions as fundamental.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2019, the Company has applied the principles of, and complied with, the applicable code provisions of the CG Code, except for the following deviations:

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jian served as both the Chairman of the Board and the Chief Executive Officer of the Company. Mr. Wang has extensive experience in the construction and engineering industry and is responsible for the overall corporate strategies, planning and business development of the Group. Accordingly, the Board believes that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decision efficiently and consistently, and the balance of power and authority is adequately ensured by the operation of the Board which comprises experienced and high caliber individuals, with the majority of the member of the Board being non-executive Directors (including independent non-executive Directors); and

Under code provision A.4.1, non-executive directors should be appointed for a specific term and are subject to reelection. Mr. Law Fei Shing, who is a non-executive Director of the Company, was not appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting at least once every three years in accordance with the Bye-laws of the Company. When Mr. Law is due for re-election, the Nomination Committee and the Board will review his performance and consider whether a recommendation should be made to the shareholders of the Company on his re-election at the annual general meeting in accordance with the Company's policy on selection and nomination of Directors. As such, the Board is of the view that sufficient safeguards are in place to ensure that Mr. Law will remain suitable for directorship of the Company.

Save for the above deviations, none of the Directors is aware of any information which would reasonably indicate that the Company is not, or, was not during in compliance with code provisions of the CG Code.

The Board will continuously review the effectiveness of the corporate governance structure of the Company and effect changes whenever necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company confirms that all the Directors have complied with the Model Code for the year ended 31 December 2019.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2019, the Board comprised eight Directors, including three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. During the year and up to the date of this report, the composition of the Board is as follows:

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming
Ms. Qian Pu

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

Mr. Chan Ngai Sang, Kenny *(Appointed on 1 October 2019)*
Mr. Liu Kam Lung *(Resigned on 1 October 2019)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

The biographical details of the Directors are set out in the section headed "Directors and Senior Management Profile". There was no relationship (including financial, business, family or other material or relevant relationships) among members of the Board.

Responsibilities of the Board

Apart from its statutory and fiduciary responsibilities, the Board is primarily responsible for reviewing and overseeing the financial and business performance of the Group. It is accountable for the overall strategic development of the Group with the objective to maximise shareholders' value. Material matters are reserved for the Board's considerations or decisions which include, among other things, overall strategy of the Group, business plans, annual budgets, significant capital expenditure, financial reports, dividend policy and payments, material acquisitions, disposals or investment proposals, Directors' appointments, reappointments or removal, and other material transactions. The Bye-laws provide that all Director must declare their respective interests, if any, with regards to the resolutions of the Board. In case, a Director has a conflict of interest in a material matter, such Director shall abstain from voting and not be counted in quorum.

It has also delegated for managing and implementing the daily operations and business strategies of the Group to the Chief Executive Officer, Executive Directors and senior management of the Company. Moreover, the Board has delegated certain of its responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Strategic Committee and Investment and Fund Raising Committee.

Independent Non-executive Directors

The Company has appointed three Independent Non-executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent. Each Independent Non-executive Directors is required to inform the Company as soon as practicable if there is any change that may affect his independence.

Continuous Professional Development

Under code provision A.6.5 of CG Code regarding continuous professional development ("**CPD**"), Directors should participate in CPD to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 December 2019 all Directors have participated in appropriate CPD activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

During the year ended 31 December 2019, all Directors confirmed to the Company that they had received CPD training. The participation by individual Directors in 2019 is recorded as follows:

Name of Directors	Attending seminars/ conferences or reading materials relating to the business, accounting, law, rules and regulations
Executive Directors	
Mr. Wang Jian	Yes
Mr. Feng Guoming	Yes
Ms. Qian Pu	Yes
Non-executive Directors	
Mr. Law Fei Shing	Yes
Mr. Shin Yick Fabian	Yes
Independent Non-executive Directors	
Mr. Chan Ngai Sang Kenny *(Appointed on 1 October 2019)*	Yes
Mr. Liu Kam Lung *(Resgined on 1 October 2019)*	N/A
Mr. Chan Kin Sang	Yes
Mr. Zheng Suijun	Yes

Director's Attendance of the Meetings

The Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. In addition, the Board would also hold the other Board meetings with a short notice given to discuss the material transactions as and when required. During the year ended 31 December 2019, seven Board meetings, two Audit Committee meetings, two Remuneration Committee meetings, two Nomination Committee meetings, and one annual general meeting were held. Attendances of these meetings by Directors are set out below:

Name of Directors	Board	Number of Meetings Attended/Eligible to Attend: Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Executive Directors					
Mr. Wang Jian	6/7	N/A	N/A	N/A	Yes
Mr. Feng Guoming	7/7	N/A	N/A	N/A	Yes
Ms. Qian Pu	7/7	N/A	2/2	2/2	Yes
Non-executive Directors					
Mr. Law Fei Shing	7/7	N/A	N/A	N/A	Yes
Mr. Shin Yick Fabian	7/7	N/A	N/A	N/A	Yes
Independent Non-executive Directors					
Mr. Chan Ngai Sang Kenny *(Appointed on 1 October 2019)*	1/2	N/A	N/A	N/A	N/A
Mr. Liu Kam Lung *(Resigned on 1 October 2019)*	4/4	2/2	1/2	1/2	Yes
Mr. Chan Kin Sang	7/7	2/2	2/2	2/2	Yes
Mr. Zheng Suijun	7/7	2/2	2/2	2/2	Yes

BOARD COMMITTEES

The Board has maintained five board committees (the "**Board Committees**"). Each of the Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Investment and Fund Raising Committee and the Strategic Committee, is to assist in the execution of the Board's responsibilities and to oversee particular aspect of the Group's affairs. Each Board Committee is provided with sufficient resources to discharge its duties properly, and holds meetings in accordance with the Bye-laws, its specific written terms of reference and, where applicable, the proceedings of Board meeting.

Audit Committee

The Audit Committee was established on 9 November 2001. The Audit Committee comprises three members of all whom are Independent Non-executive Directors, namely:

Mr. Chan Ngai Sang Kenny *(Chairman) (Appointed on 1 October 2019)*
Mr. Liu Kam Lung *(Chairman) (Resigned on 1 October 2019)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

The major duties of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group, and to provide recommendation and advices to the Board on the appointment, reappointment and removal of external auditor as well as their terms of appointment. The authority and duties of the Audit Committee are set out in its specific written terms of reference. The Audit Committee has explicit authority to investigate any activity within its duties and responsibilities and the authority to obtain outside legal or other independent professional advice if it considers necessary. Full text of the terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

The Audit Committee meets at least twice a year. During the year ended 31 December 2019, two committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2019, a summary of the work of the Audit Committee is as follows:

1. reviewing the audited final results for the year ended 31 December 2018 and the unaudited interim results for the six months ended 30 June 2019, with a recommendation to the Board for approval;

2. reviewing the external auditors' statutory audit plan and the letters of representation;

3. reviewing the findings and recommendations of the internal auditors;

4. reviewing the Group's financial and accounting policies and practices;

5. reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, with a recommendation to the Board for the re-appointment of the external auditor at the 2019 annual general meeting;

6. considering and approving the remuneration and terms of engagement letters for the purpose of appointing the external auditor, BTHK, in connection with the statutory audit and review of the results announcements by BTHK;

7. reviewing the section headed "Continuing Connected Transaction" set forth on page 17 of this annual report; and

8. overseeing and reviewing the effectiveness of the internal control and risk management systems, and the adequacy of the accounting, internal audit and financial reporting function of the Group.

The chairman of the Audit Committee will report the findings and recommendations, if any, to the Board after each meeting.

The consolidated financial statements for the year ended 31 December 2019 was reviewed and recommended by the Audit Committee for the Board's approval for public release.

Remuneration Committee

The Remuneration Committee was established on 23 March 2001. The Remuneration Committee comprises four members, a majority of them being Independent Non-executive Directors, namely:

Mr. Chan Ngai Sang Kenny *(Chairman) (Appointed on 1 October 2019)*
Mr. Liu Kam Lung *(Chairman) (Resigned on 1 October 2019)*
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

The major duties of the Remuneration Committee are to assist the Board to develop and administer fair and transparent procedure for setting remuneration policies of the Directors (including Non-executive Directors) and senior management of the Company, and to make recommendations to the Board on the specific remuneration packages of all Directors and senior management of the Company, including benefits-in-kind, pension rights, and compensation payments. Director's remuneration is determined by reference to each Director's duties and responsibilities and accountability in the Group as well as the overall performance of the respective company and the Group and the prevailing market situation and competitiveness in the industry. The remuneration packages of the Directors are recommended by the Remuneration Committee and determined by the Board except that no Director or any of his/her associates and senior management can determine his/her own remuneration. The authority and duties of the Remuneration Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

The Remuneration Committee meets at least once a year. During the year ended 31 December 2019, two committee meetings was held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2019, a summary of the work of the Remuneration Committee is as follows:

a) reviewing the existing remuneration packages and emolument of the Board and senior management; and

b) considering and making recommendation to the Board relating to the remuneration of newly appointed Director(s) (including Independent Non-executive Director(s)).

Remuneration of Members of the Senior Management by Band

Pursuant to code provision B.1.5 of the CG Code, the remuneration of members of the senior management by band for the year ended 31 December 2019 is set out below:

Within the band of	Number of individuals
HKD500,001 to HKD1,000,000	3
Nil to HKD500,000	1
Total	4

Details of the remuneration of each Directors for the year ended 31 December 2019 are set out in note 9 to the consolidated financial statements of this annual report.

Nomination Committee

The Nomination Committee was established on 23 March 2005. The Nomination Committee comprises four members, a majority of them being Independent Non-executive Directors, namely:

Mr. Chan Ngai Sang Kenny *(Chairman) (Appointed on 1 October 2019)*
Mr. Liu Kam Lung *(Chairman) (Resigned on 1 October 2019)*
Ms. Qian Pu
Mr. Chan Kin Sang
Mr. Zheng Suijun

The major duties of the Nomination Committee are to formulate a formal and transparent process for the Company in the appointment of new Directors; to identify and nominate candidates for directorship; to assess the independence of each Independent Non-executive Director; and to make recommendations to the Board on such appointments. The Nomination Committee also reviews the Board structure and composition by considering the benefits of all aspects of diversity, including but not limited to differences in the background, experience, knowledge, expertise and perspectives of members of the Board. The authority and duties of the Nomination Committee are set out in its specific written terms of reference. Full text of the terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2019, two committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2019, a summary of the work of the Nomination Committee is as follows:

1. reviewing and considered that the structure, size, diversity and composition of the Board are appropriate;

2. assessing the independence of Independent Non-executive Directors;

3. considering and making recommendation to the Board relating to the appointment of Mr. Chan Ngai Sang Kenny as Independent Non-executive Director; and

4. considering and making recommendation to the Board relating to the re-election of the retiring Directors at the last annual general meeting held on 21 June 2019.

The Board has adopted a policy on board diversity (the "**Board Diversity Policy**"). Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition. 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 and qualifications, skills, knowledge, length of service and industry and regional experience. 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.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Investment and Fund Raising Committee

The Investment and Fund Raising Committee was established on 28 March 2017. The Investment and Fund Raising Committee comprises three members, a majority of them being Executive Directors, namely:

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shing Yick Fabian

The Board has established the Investment and Fund Raising Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate investment and treasury strategies; and considering, reviewing, evaluating and making recommendations to the Board on different investment opportunities from time to time proposed by the management team of the Company and its subsidiaries.

During the year ended 31 December 2019, one Investment and Fund Raising Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	**Meeting attended/held**
Mr. Wang Jian	1/1
Ms. Qian Pu	1/1
Mr. Shin Yick Fabian	1/1

The Investment and Fund Raising Committee provided recommendation to the Board for the fund-raising activities and investment opportunities for the Company; and reviewed annual performances of property and securities investments during the year.

Strategic Committee

The Strategic Committee was established on 28 March 2017. The Strategic Committee comprises three members, a majority of them being Executive Directors, namely:

Mr. Wang Jian *(Chairman)*
Ms. Qian Pu
Mr. Shing Yick Fabian

The Board established the Strategic Committee for the purpose of, among others, reviewing and providing recommendations to the Board for appropriate long-term development strategy of the Company and its subsidiaries.

During the year ended 31 December 2019, one Strategic Committee meeting was held. Attendance of the members at the meeting is set out as follows:

Committee members	Meeting attended/held
Mr. Wang Jian	1/1
Ms. Qian Pu	1/1
Mr. Shin Yick Fabian	1/1

The Strategic Committee provided recommendation to the Board for the medium-term and long-term strategic development planning for the Company; and reviewed overall performances of the Group during the year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group. The Directors also ensure that the financial statements of the Group are prepared in accordance with statutory requirements and applicable accounting standards on a going concern basis. The Board ensures that the publication of the financial statements of the Group is in a timely manner. The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements.

The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems 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 Board, through the Audit Committee, conducted an annual review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs.

During the year, the Group appointed BT Corporate Governance Limited (formerly known as Corporate Governance Professional Limited) ("**BTCG**") as an external independent professional to:

- assist in identifying and assessing the risks of the Group through a series of workshops and interviews; and
- independently perform internal control reviews and assess effectiveness of the Group's risk management and internal control systems.

The results of the independent review and assessment were reported to the Audit Committee and the Board. Moreover, improvements in internal control and risk management measures as recommended by BTCG to enhance the risk management and internal control systems of the Group and mitigate risks of the Group were adopted by the Board. Based on the findings and recommendations of BTCG as well as the comments of the Audit Committee, the Board considered the internal control and risk management systems effective and adequate.

The Group has established internal control procedures for the handling and dissemination of inside information, in order to comply with Chapter 13 of the Listing Rules as well as Part XIVA of the SFO. The internal control mechanism includes information flow and reporting processes, confidentiality arrangements, disclosure procedures, staff training arrangements, etc.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management and further enhance the Group's internal control and risk management systems as appropriate.

Auditors' Remuneration

The external auditors perform independent review or audit of the financial statements prepared by the management. BTHK has been engaged as the Company's external auditors.

For the year ended 31 December 2019, the fee paid/payable to the auditors for the services provided during the year is set out below:

Services	HKD'000
Audit services	846
Interim review services	275
	1,121
Other services	218
Total	1,339*

* The fee paid/payable to BTHK and BTCG, an affiliate of BTHK, amounted to HKD1,095,000 and HKD218,000 respectively.

COMPANY SECRETARY

Mr. Sze Kat Man joined the Company as the financial controller of the Company since October 2014, and was appointed as Company Secretary in April 2017. The biographical details of Ms. Sze are set out the section headed "Directors and Senior Management Profile". During the year ended 31 December 2019, Mr. Sze has complied with Rule 3.29 of the Listing Rules on taking no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Board has formulated a dividend policy with the aim of enhancing transparency of the Company and facilitating the shareholders and investors to make informed investment decision relating to the Company's shares. The Board shall also take into account the following factors of the Group before considering the declaration and payment of dividends:

- earnings and financial condition;
- operating requirements;
- capital requirements and expenditure plans;
- financial results;
- cash flow situation;
- business conditions and strategies;
- interests of the shareholders of the Company;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

The policy will continue to be reviewed from time to time by the Board and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

SHAREHOLDERS' RIGHT

1. Procedures for Convening a Special General Meeting

Pursuant to the Bye-laws of the Company, the shareholder(s) of the Company (the "**Shareholder(s)**") holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company have rights to require a special general meeting to be called by the Board for the transaction of any business specified in written requisition, which must be signed by the requisitionist(s). The requisition must be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "**Registered Office**") for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Company's principal place of business in Hong Kong at Unit 1902, 19/F, Tower 2 Lippo Centre, No.89 Queensway, Hong Kong (the "**Head Office**") for the attention of the Company Secretary.

2. Procedures for Putting Forward Proposals at General Meetings

Pursuant to the Companies Act 1981 of Bermuda (the "**Companies Act**"), the Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the total voting right at general meetings of the Company or not less than one hundred Shareholders may provide a written requisition to the Company stating the resolution intended to be proceeded at the general meeting. The requisition must be deposited at the Registered Office for the attention of the Company Secretary. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the Head Office for the attention of the Company Secretary.

Shareholders can also refer to the detailed requirements and procedures as set forth in the relevant sections of the Companies Act and the Bye-laws when making any requisitions or proposals for transaction at the general meetings of the Company. For the details of requirement and procedures for convening a general meeting, putting forward the proposals and/or proposing a person for election at a general meeting are available on the Company's website.

SHAREHOLDERS' ENQUIRIES

Shareholders should direct their questions about their shareholdings to the Company's share registrars. The addresses of the Company's share registrars are set out in the section "Corporate Information" of this annual report. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send written enquiries or requests to the Head Office or by fax to (852) 2115 1912 or by email to info@paktakintl.com for the attention of the Company Secretary.

INVESTOR RELATIONS

As always, the Company provides updated information of the Group to all Shareholders when it becomes available and appropriate, through the publication of interim and annual reports, circular, notices, the Bye-laws or other means in compliance with the legal and regulatory requirements. Such information has been made available on the Company's website at www.paktakintl.com

The Company acknowledges that general meetings are good communication channel with Shareholders and encourages the Directors and the members of the Board Committees to attend and answer questions raised by Shareholders at the general meetings.

CONSTITUTIONAL DOCUMENT

There were no changes in the constitutional documents during the year ended 31 December 2019.

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Independent auditor's report to the members of
Pak Tak International Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Pak Tak International Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 43 to 117, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, 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 Institute of Certified Public Accountants ("**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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements of the current year. These matters were addressed in the context of our audit of the Group's consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition	
Refer to Note 2 (t) (significant accounting policies), Note 3 (revenue) and Note 12 (segment reporting) to the consolidated financial statements.	
A significant part of the Group's revenue arises from sale of goods. Revenue is recognised when the control over a product or service is transferred to customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled. Revenue is one of the key indicators of the Group's performance and its recognition has inherent risks of manipulation to meet certain financial targets.	Our audit procedures on revenue recognition included but not limited to the following: — Assessing the appropriateness of the Group's accounting policies for revenue recognition and assessing the compliance of those policies with HKFRSs; — Testing on a sample basis the effectiveness of the Group's monitoring controls and the correct timing of the Group's recognition of revenue; and — Performing the cut-off for sales transactions taking place before and after the period-end to ensure that revenue was recognised in the correct accounting period and assessing the accuracy of the recorded sales transactions.
Valuation of investment properties	
Refer to Note 2 (g) (significant accounting policies), Note 14 (investment properties) and Note 37 (f) (accounting estimates and judgements) to the consolidated financial statements.	
We identified the valuation of investment properties as a key audit matter due to the key sources of estimate uncertainty and the significant assumptions and judgements associated with determining the fair value. All of the Group's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuers (the "**Valuers**"). The valuations are dependent on the relevant property market in the People's Republic of China ("**PRC**") together with significant unobservable input that involve management's significant judgments. Details of the valuation techniques and significant unobservable inputs used in the valuations and related key sources of estimate uncertainty are set out in Note 14 to the consolidated financial statements.	Our procedures in relation to evaluating the valuation of the investment properties included: — Evaluating the competence, capabilities and objectivity of the Valuers engaged by the management; — Obtaining an understanding of the valuation process methodologies, performance of the property market, significant assumptions and techniques adopted by the Valuers to assess if they are consistent with industry norms; and — Obtaining the valuation reports and held discussion with the management and Valuers to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data adopted by the management and the Valuers by comparing them, on a sample basis, to where relevant, publicly available information of similar comparable properties, entity-specific information and market data.

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Impairment assessment of trade receivables</td></tr>
<tr><td colspan="2">Refer to Note 2 (j) (credit losses and impairment of assets), Note 19 (trade receivables) and Note 37 (g) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>As at 31 December 2019, the Group had gross carrying amount of trade receivables amounting to HKD334,208,000 (2018: HKD38,167,000). The loss allowances for trade receivables amounted to HKD272,000 (2018: HKDnil), all of which was attributable to customers located in the PRC.

Loss allowances for receivables are based on management's estimate of the lifetime expected credit losses ("ECL") to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgements.

We focused on the impairment assessment which involves significant management judgements and assumptions, primarily including the following:

— Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred;

— Economic indicators for forward-looking measurement, and applicable economic scenarios and weightings.</td><td>Our procedures designed to review the management's assessment of the indicators of impairment on receivables included:

— Understanding and validating the credit control procedures performed by management, including its procedures on periodic review on aged receivables and assessment on ECL of these receivables;

— Testing on a sample basis, the accuracy of ageing profile on trade receivables by checking to the underlying sales invoices, sales contracts and document on date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised;

— Assessing the reasonableness of management's loss allowance estimates by examining the information 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 and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and;

— Reviewing subsequent settlements of trade receivables and challenging management regarding the reasons for not considering a provision against any unsettled past-due balances.</td></tr>
</table>

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of investment in equity interest of an unlisted company</td></tr>
<tr><td colspan="2">Refer to Note 16 (financial assets at fair value through other comprehensive income) and Note 37 (h) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>As at 31 December 2019, the Group's investment in equity interest in an associate group, Golden Affluent Limited, was diluted and transferred to unlisted equity investment at fair value through other comprehensive income (see Note 15 for details).

The investment at 31 December 2019 was valued by an independent professional valuer. With reference to the valuation, management had estimated the fair value of the investment to be HKD175,112,000 at year end.

We focused on the valuation which involves significant management judgements and estimates about the future results of the investment, key assumptions and critical judgement including revenue growth rate and gross profit margin and the discount rates applied to future cash flow forecast of the company. Accordingly, the valuation of the investment was considered as one of the key audit matters.</td><td>Our procedures designed to review the management's valuation of the investment included:

— Evaluating the composition of the company's future cash flow forecasts, and the process by which they were drawn up, including testing the valuation methodology of the underlying value in use calculation; and

— Assessing and challenging the reasonableness of key assumptions and critical judgement used such as revenue growth rates and gross profit margins and discount rates applied by management by comparing them to third party sources and with economic and industry forecasts to assess the reasonableness of the forecasts used by the management.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the directors' report and chairman's statement but does not include the consolidated financial statements and our auditor's report thereon (the "**other information**").

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 this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE 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 are 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 are responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

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. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

— 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 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 year 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.

The engagement director on the audit resulting in this independent auditor's report is Choi Kwong Yu.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 20 March 2020

Choi Kwong Yu
Practising Certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	2019 HKD'000	2018 HKD'000 (Restated)
Continuing Operations			
Revenue	3	**1,466,328**	1,080,517
Other revenue	6	**12,094**	1,422
Other net (losses)/gains	6	**(620)**	1,499
Fair value gain on investment properties	14	**7,953**	5,113
Direct costs and operating expenses		**(1,411,507)**	(1,043,758)
Administrative expenses		**(26,933)**	(25,381)
Profit from operations		**47,315**	19,412
Finance costs	7(a)	**(13,714)**	(8,372)
Share of results of an associate		**7,939**	(4,045)
Profit before taxation	7	**41,540**	6,995
Income tax expense	8	**(10,059)**	(3,946)
Profit from continuing operations		**31,481**	3,049
Discontinued operation			
Profit/(loss) for the year from discontinued operation	5(a)	**23,030**	(12,103)
Profit/(loss) for the year		**54,511**	(9,054)
Attributable to equity shareholders of the Company:			
— from continuing operations		**31,481**	3,062
— from discontinued operation	5(a)	**23,030**	(12,103)
		54,511	(9,041)
Attributable to non-controlling interests:			
— from continuing operations		**—**	(13)
— from discontinued operation	5(a)	**—**	—
		—	(13)
		54,511	(9,054)
		HK cents	HK cents
Earnings/(loss) per share	11		
From continuing and discontinued operation — Basic and diluted		**1.88**	(0.31)
From continuing operations — Basic and diluted (2018: Restated)		**1.09**	0.11

The notes on pages 50 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 HKD'000	2018 HKD'000 (Restated)
Profit/(loss) for the year	**54,511**	(9,054)
Other comprehensive income/(loss) for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**(4,317)**	(13,649)
— Share of associate's other comprehensive loss	**—**	(240)
— Release of exchange reserve upon disposal of subsidiaries	**4,078**	—
— Release of exchange reserve upon deemed disposal of an associate	**184**	—
Items that will not be reclassified subsequently to profit or loss:		
— Loss on fair value changes of financial assets at fair value through other comprehensive income, net of nil tax	**(17,790)**	(33,419)
Total comprehensive income/(loss) for the year	**36,666**	(56,362)
Attributable to:		
Equity shareholders of the Company	**36,666**	(56,349)
Non-controlling interests	**—**	(13)
	36,666	(56,362)

The notes on pages 50 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HKD'000	2018 HKD'000
Non-current assets			
Property, plant and equipment	13	**69,860**	86,546
Investment properties	14	**191,056**	186,683
Investment in an associate	15	**—**	163,915
Financial assets at fair value through other comprehensive income	16	**238,660**	85,768
Finance lease receivables	17	**44,327**	19,969
		543,903	542,881
Current assets			
Inventories	18	**1,961**	38,571
Trade receivables	19	**333,936**	38,167
Loans receivables	20	**14,995**	45,115
Current portion of finance lease receivables	17	**30,548**	30,286
Other receivables, prepayments and deposits		**41,493**	34,533
Financial assets at fair value through profit or loss	21	**243**	210
Cash and cash equivalents	22(a)	**105,034**	138,404
		528,210	325,286
Current liabilities			
Trade payables	23	**65,301**	26,336
Other payables and accrued charges	24	**20,031**	26,377
Contract liabilities	25	**3,756**	256
Bonds	26	**189,572**	97,764
Borrowings and overdraft	27	**236,082**	179,951
Tax payable		**6,342**	4,756
		521,084	335,440
Net current assets/(liabilities)		**7,126**	(10,154)
Total assets less current liabilities		**551,029**	532,727
Non-current liabilities			
Borrowings	27	**35,930**	46,208
Deferred tax liabilities	28(a)	**20,638**	14,243
Provision and other accrued charges	29	**—**	14,481
		56,568	74,932
NET ASSETS		**494,461**	457,795

	Note	2019 HKD'000	2018 HKD'000
CAPITAL AND RESERVES			
Share capital	30(c)	**58,000**	58,000
Reserves		**436,459**	399,793
Equity attributable to equity shareholders of the Company		**494,459**	457,793
Non-controlling interests		**2**	2
TOTAL EQUITY		**494,461**	457,795

Approved and authorised for issue by the board of directors on 20 March 2020.

Wang Jian
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 50 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

		Attributable to equity shareholders of the Company								
	Note	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Financial assets at fair value through other comprehensive income reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
At 1 January 2018		58,000	362,134	5,490	—	7,321	81,197	514,142	—	514,142
Changes in equity for the year ended 31 December 2018:										
Loss for the year		—	—	—	—	—	(9,041)	(9,041)	(13)	(9,054)
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		—	—	—	—	(13,649)	—	(13,649)	—	(13,649)
Share of associate's other comprehensive loss		—	—	—	—	(240)	—	(240)	—	(240)
Loss on fair value change of financial assets at fair value through other comprehensive income, net of nil tax		—	—	—	(33,419)	—	—	(33,419)	—	(33,419)
Total comprehensive loss for the year		—	—	—	(33,419)	(13,889)	(9,041)	(56,349)	(13)	(56,362)
Capital contribution by non-controlling interests of a subsidiary		—	—	—	—	—	—	—	15	15
Warrants lapsed	30(d)(ii)	—	—	(5,490)	—	—	5,490	—	—	—
At 31 December 2018		58,000	362,134	—	(33,419)	(6,568)	77,646	457,793	2	457,795
At 1 January 2019		**58,000**	**362,134**	**—**	**(33,419)**	**(6,568)**	**77,646**	**457,793**	**2**	**457,795**
Changes in equity for the year ended 31 December 2019:										
Profit for the year		**—**	**—**	**—**	**—**	**—**	**54,511**	**54,511**	**—**	**54,511**
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax		**—**	**—**	**—**	**—**	**(4,317)**	**—**	**(4,317)**	**—**	**(4,317)**
Release of exchange reserve upon disposal of subsidiaries		**—**	**—**	**—**	**—**	**4,078**	**—**	**4,078**	**—**	**4,078**
Release of exchange reserve upon deemed disposal of an associate		**—**	**—**	**—**	**—**	**184**	**—**	**184**	**—**	**184**
Loss on fair value change of financial assets at fair value through other comprehensive income, net of nil tax		**—**	**—**	**—**	**(17,790)**	**—**	**—**	**(17,790)**	**—**	**(17,790)**
Total comprehensive income/(loss) for the year		**—**	**—**	**—**	**(17,790)**	**(55)**	**54,511**	**36,666**	**—**	**36,666**
At 31 December 2019		**58,000**	**362,134**	**—**	**(51,209)**	**(6,623)**	**132,157**	**494,459**	**2**	**494,461**

The notes on pages 50 to 117 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HKD'000	2018 HKD'000
Operating activities			
Profit before taxation from continuing operations		**41,540**	6,995
Profit/(loss) before taxation from discontinuing operations	5(a)	**25,794**	(11,502)
Adjustments for:			
— Interest income		**(1,676)**	(757)
— Dividend income	6	**(10,279)**	(821)
— Net loss on disposal of property, plant and equipment		**—**	1,235
— Gain on disposal of assets held for sale	6	**—**	(1,560)
— Fair value changes of financial assets at fair value through profit or loss	6	**(33)**	61
— Fair value gain on investment properties	14	**(7,953)**	(5,113)
— Gain on disposal of subsidiaries	5(a), (b)	**(36,642)**	—
— Loss on deemed disposal of an associate	15	**1,411**	—
— Depreciation on property, plant and equipment		**7,707**	7,350
— Finance costs		**13,714**	10,617
— Expected credit loss allowance on receivables	7(c)	**1,756**	—
— Share of results of an associate		**(7,939)**	4,045
— Exchange realignment		**1,201**	(4,848)
Operating profit before changes in working capital		**28,601**	5,702
Increase in inventories		**(10,300)**	(11,619)
(Increase)/decrease in trade receivables		**(309,345)**	1,320
(Increase)/decrease in finance lease receivables		**(26,920)**	19,775
Decrease in loans receivables		**30,120**	15,336
Increase in other receivables, prepayments and deposits		**(19,591)**	(15,978)
Decrease in financial assets at fair value through profit or loss		**—**	26,058
Increase in trade payables		**53,556**	899
Increase/(decrease) in other payables and accrued charges		**39,307**	(4,063)
Increase in contract liabilities		**3,500**	256
Decrease in provision and other accrued charges		**(811)**	(360)
Cash (used in)/generated from operations		**(211,883)**	37,326
Tax paid:			
— Hong Kong tax paid		**(2,034)**	—
— PRC tax paid		**(4,342)**	(17)
Interest received		**1,106**	757
Net cash (used in)/generated from operating activities		**(217,153)**	38,066

	Note	2019 HKD'000	2018 HKD'000
Investing activities			
Net cash outflow arising on acquisition of subsidiaries	4	—	(71,332)
Net cash outflow arising on disposal of subsidiaries	5(a), (b)	**(7,940)**	—
Net cash outflow arising on acquisition of an associate	15	—	(168,200)
Purchase of property, plant and equipment		**(3,010)**	(4,595)
Payment for purchase of equity securities		—	(119,187)
Proceeds from disposal of property, plant and equipment		—	266
Proceeds from disposal of assets classified as held for sale		—	34,560
Dividend received		**10,279**	821
Net cash used in investing activities		**(671)**	(327,667)
Financing activities			
Proceeds from new loans	22(b)	**275,708**	578,739
Repayment of loans	22(b)	**(226,653)**	(769,021)
Proceeds from margin loans	22(b)	—	20,997
Repayment of margin loans	22(b)	—	(20,997)
Advance from a shareholder	22(b)	**70,000**	—
Proceeds from issuance of bond, net of commission paid and handling fee	22(b)	**189,300**	96,000
Repayment of bond	22(b)	**(100,000)**	—
Interest paid		**(6,466)**	(6,661)
Net cash generated from/(used in) financing activities		**201,889**	(100,943)
Net decrease in cash and cash equivalents		**(15,935)**	(390,544)
Cash and cash equivalents at beginning of the year		**121,287**	516,028
Effect of foreign exchange rate changes		**(318)**	(4,197)
Cash and cash equivalents at end of the year	22(a)	**105,034**	121,287

The notes on pages 50 to 117 form part of the consolidated financial statements.

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal office in Hong Kong was changed from Nos 2 and 3, 22nd Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong to Unit 1902, 19th Floor, Tower 2 Lippo Centre, No. 89 Queensway, Hong Kong.

The Company is an investment holding company. Its subsidiaries are principally engaged in the supply chain business, leasing business, property investment and consultancy, money lending, and securities investment.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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(c) 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 the current and prior accounting periods reflected in these consolidated financial statements.

A summary of significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

— investment properties (see Note 2(g)); and

— other investments in equity securities (see Note 2(f)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 37.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

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

HKFRS 16, Leases

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

(i) 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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies *(Continued)*

HKFRS 16, Leases (Continued)

(ii) Lessee accounting and transactional 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.

For an explanation of how the Group applies lessee accounting, see Note 2(i)(b).

To ease the transition to HKFRS 16, the Group 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.

The following table reconciles the operating lease commitments as disclosed in Note 33 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HKD'000
Operating lease commitments at 31 December 2018	**4,223**
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(4,223)**
Total lease liabilities recognised at 1 January 2019	**—**

There are no material impacts upon the initial adoption of HKFRS 16 on the Group's consolidated statement of financial position.

(iii) Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40 "Investment properties", to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) Lessor accounting

The Group leases out a number of items of machineries and motor vehicles as the lessor of finance leases. The accounting policies to the Group as a lessor remain substantially unchanged from those currently under HKAS 17.

The Group has not applied any new or amended HKFRSs that is not yet effective for the current accounting period (see Note 40).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognsied.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(j)(ii)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associate

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interest that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

(f) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investment in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(g). These investments are subsequently accounted for as follows, depending on their classification.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other investments in equity securities *(Continued)*

(i) Investments other than equity investments

Non-equity 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 (see Note 2(t)(iii)).

— fair value through other comprehensive income ("**FVOCI**") — 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 flow 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.

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

(ii) Equity investments

An investment in equity securities is classified as FVPL 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 FVOCI (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 FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(t)(viii).

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(t)(v).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold improvements	20% or over the remaining term of the relevant leases, whichever is shorter
Leasehold property	Over the remaining estimated useful life
Plant and machinery	10% to 25%
Furniture, fixtures and equipment	10% to 33%
Motor vehicles	20% to 25%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the 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. 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.

(a) *Where the Group is the lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

Finance lease

A finance lease is a lease that the Group as the lessor uses to transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognises the minimum lease amounts receivable by the Group as a finance lease receivable and records the unguaranteed residual value as an asset within the same category. The difference between (a) the aggregate of the minimum lease amounts and the unguaranteed residual value and (b) their present value (presented in the consolidated statement of financial position as finance lease receivables — net) is recognised as unearned finance income. Minimum lease amounts are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Unearned finance income is allocated to each period during the lease term using the effective interest method that allocates each rental between finance income and repayment of capital in each accounting period in such a way that finance income is recognised as a constant periodic rate of return (implicit effective interest rate) on the lessor's net investment in the lease.

See Notes 2(j)(i) for accounting policies for derecognition and impairment of finance lease receivables.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

(a) *Where the Group is the lessor (Continued)*

Operating lease

Leases where substantially all the risks and rewards 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 profit or loss on the straight-line basis over the lease terms.

(b) *Where the Group is the lessee*

(A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their prevent value, lease any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

(b) Where the Group is the lessee (Continued)

(B) Policy applicable prior to 1 January 2019

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred, if any.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognised a loss allowance for ECLs on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables, loan receivables and other receivables); and

— lease receivables.

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls. (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without under cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and lease receivables (Continued)

Measurement of ECLs *(Continued)*

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognised a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without under cost or effort.

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

— failure to make payments of principal or interest on their contractually due dates;

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

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

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtors' ability to meet is obligation to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and lease receivables (Continued)

Significant increase in credit risk *(Continued)*

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any changes in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to the carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(t)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment; and

— investments in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs 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 as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

A receivable is recognised when the Group has an 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.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(j)(i)).

(m) Interest-bearing borrowings and bond

Interest-bearing borrowings and bond are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings and bond are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(v)).

(n) Trade and other payables

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

(o) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(t)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits

(i) Employee benefits entitlements

Salaries, bonuses, paid annual leave and the cost of other benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Long service payments

The Group's obligation under long service payments recognised in the consolidated statement of financial position is determined using the projected unit credit method, with actuarial valuation being carried out at the end of each reporting period.

Past service cost is recognised immediately to the extent that the benefits have already been vested.

(iii) Pension obligations

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes in the PRC.

Contributions to mandatory provident fund, as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in profit or loss as when incurred.

The employees in the PRC are members of the retirement benefit scheme organised by the government in the PRC. The Group is required to contribute, based on a certain percentage of payrolls, to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme. Contributions to this retirement benefit scheme are recognised as an expense in profit or loss as incurred except to the extent that they are included in the cost of inventories sold at the end of the reporting period.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with Note 2(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a 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 expenditure 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 of economic benefits 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 of economic benefits is remote.

(t) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue recognition *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of goods

Revenue from sales from goods are recognised when the control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(ii) Sub-contracting income

Sub-contracting income is recognised when services are rendered.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(j)(i)).

(iv) Finance lease income

The income under finance lease is recognised in the consolidated statement of profit or loss using the effective interest rate implicit in the lease over the terms of the lease. Contingent rent is recognised as income in the period in which it is earned.

(v) Rental income

Rental income is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

(vi) Gains on disposals of financial assets at fair value through profit or loss investments

Gains or losses on disposals of financial assets at fair value through profit or loss investments are recognised on a trade date basis.

(vii) Consultancy fee income

Consultancy fee income is recognised when services are rendered.

(viii) Dividends

— Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

— Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(ix) Handling fee income

Handling fee income are recognised when services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, including goodwill arising on consolidation of foreign operations, are translated into Hong Kong Dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(w) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated 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.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated 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(s) constituting the discontinued operation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Related parties

(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 Group or the Group's parent.

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

(i) The entity and the Group 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.

(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.

(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).

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. REVENUE

Revenue represents the amounts received and receivable for goods sold, interest income from money lending business, finance lease income from leasing business, rental income from property investment business, gains on disposals of financial assets at fair value through profit or loss, consultancy fee income and handling fee income during the year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2019 HKD'000	2018 HKD'000 (Restated)
Sales of goods	**1,433,446**	1,045,592
Loan interest income	**4,314**	3,906
Finance lease income	**8,460**	7,421
Rental income	**4,895**	4,434
Gains on disposals of financial assets at fair value through profit or loss	**—**	7,825
Consultancy fee income	**11,963**	11,339
Handling fee income	**3,250**	—
	1,466,328	1,080,517

4. BUSINESS COMBINATIONS

Acquisition of a subsidiary accounted for as assets acquisition

On 5 November 2018, Golden Flourish Property Limited, a direct wholly-owned subsidiary of the Company incorporated in the British Virgin Islands, had completed the acquisition of 100% equity interest in Confield Worldwide Limited ("**Confield Worldwide**") from an independent third party vendor at a cash consideration of HKD71,332,000. The directors of the Company were of the opinion that the acquisition of Confield Worldwide was in substance an asset acquisition instead of a business combination, as the net assets of the Confield Worldwide were mainly properties and its principal activity was investment in properties for rental income prior to the acquisition by the Group.

Net assets of Confield Worldwide acquired:

	HKD'000
Property	71,332
Prepayments and deposits	35
Accruals and other payables	(17)
Tax liabilities	(18)
	71,332

An analysis of the cash flows in respect the acquisition is as follows:

	HKD'000
Consideration paid in cash and net cash outflow from acquisition of a subsidiary as assets acquisition	(71,332)

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

(a) On 31 May 2019, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with a purchaser pursuant to which the Group has agreed to dispose of the entire equity interest in Mega Grade Holdings Limited and its subsidiaries (the "**Mega Grade Group**") involving in manufacturing and trading of garments business for a cash consideration of RMB10,000 (equivalent to HKD11,364) to the purchaser (the "**Disposal**"). Completion of the Disposal under the Equity Transfer Agreement took place on 31 May 2019 on which date control of the Mega Grade Group was passed to the purchaser. After the completion of the Disposal, the Mega Grade Group ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Mega Grade Group are no longer consolidated in the condensed consolidated financial statements of the Group. Details of the Disposal was set out in the announcement of the Company dated 31 May 2019.

The results from the discontinued manufacturing and trading of garments for the current and preceding period/year are analysed below.

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

Results of discontinued operation

	Period from 1 January to 31 May 2019 HKD'000	2018 HKD'000
Revenue	62,743	278,304
Direct costs and operating expenses	(65,521)	(265,213)
Other revenue	1,315	2,979
Other net gains	259	4,374
Administrative expenses	(6,515)	(22,388)
Selling expenses	(1,279)	(7,313)
Loss from operations	(8,998)	(9,257)
Finance costs	(1,092)	(2,245)
Loss before taxation	(10,090)	(11,502)
Income tax expense	(2,764)	(601)
Results from operating activities, net of tax	(12,854)	(12,103)
Gain on sales of discontinued operation	35,884	—
Profit/(loss) from discontinued operation for the period/year, net of tax	23,030	(12,103)

The net cash flows incurred by discontinued operation

	Period from 1 January to 31 May 2019 HKD'000	2018 HKD'000
Net cash used in operating activities	(17,714)	(7,917)
Net cash generated from/(used in) investing activities	74	(2,933)
Net cash generated from financing activities	18,032	15,571
Net cash inflows	392	4,721

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) *(Continued)*

Disposal of subsidiaries

The net liabilities of those disposed subsidiaries at the date of disposal were as follows:

	HKD'000
Net liabilities disposed of:	
Property, plant and equipment	10,694
Deferred tax assets	2,035
Inventories	46,910
Trade receivables	12,836
Other receivables, prepayments and deposits	12,412
Cash and cash equivalents	9,901
Trade payables	(14,178)
Other payables and accrued charges	(50,136)
Borrowings and overdraft	(56,755)
Provision and other accrued charges	(13,670)
Net liabilities	(39,951)
Consideration received:	
Cash received	11
Less: net liabilities disposed of	39,951
Release of exchange reserve upon completion of the Disposal	(4,078)
Gain on disposal of subsidiaries	35,884
Outflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	11
Cash and cash equivalents in subsidiaries disposed of	(9,901)
Net cash outflows from disposal of subsidiaries	(9,890)

5. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) On 2 January 2019, the Group entered into a sale and purchase agreement with a purchaser to dispose of its entire interest in Ample Colour Investments Limited and its subsidiaries (the "**Ample Colour Group**") at a cash consideration of HKD2,000,000 to the purchaser. The principal activities of Ample Colour Group are investment holdings and engaged in the provision of administrative service to the group companies. The disposal was completed on 2 January 2019. An analysis of the net assets of Ample Colour Group and its subsidiaries disposed of is as follows:

	HKD'000
Net assets disposed of:	
Property, plant and equipment	1,169
Other receivables, prepayments and deposits	34
Cash and cash equivalents	50
Other payables and accrued charges	(11)
Net assets	1,242
Consideration received:	
Cash received	2,000
Less: net assets disposed of	(1,242)
Gain on disposal of subsidiaries	758
Inflow of cash arising from disposal of subsidiaries:	
Consideration received in cash	2,000
Cash and cash equivalents in subsidiaries disposed of	(50)
Net cash inflows from disposal of subsidiaries	1,950

6. OTHER REVENUE AND OTHER NET (LOSSES)/GAINS

	2019 HKD'000	2018 HKD'000 (Restated)
Other revenue		
Dividend income	10,279	821
Interest income	327	601
Interest income from supply chain financing arrangements	1,349	—
Handling fee income from supply chain financing arrangements	139	—
	12,094	1,422
Other net (losses)/gains		
Gain on disposal of assets classified as held for sale	—	1,560
Gain on disposal of subsidiaries (see Note 5(b))	758	—
Loss on deemed disposal of an associate (see Note 15)	(1,411)	—
Fair value changes of financial assets at fair value through profit or loss	33	(61)
	(620)	1,499

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

		2019 HKD'000	2018 HKD'000 (Restated)
(a)	**Finance costs:**		
	Interest on bonds	**7,548**	2,192
	Interest on borrowings and overdraft	**3,658**	4,416
	Commission paid for issuance of bond	**2,236**	1,764
	Handling fee for issuance of bonds	**272**	—
		13,714	8,372
(b)	**Staff costs (including directors' remuneration):**		
	Salaries, wages and allowances	**13,145**	9,913
	Contributions to defined contribution retirement plans	**1,146**	963
	Staff welfare and benefits	**451**	369
		14,742	11,245
(c)	**Other items:**		
	Auditors' remuneration	**1,121**	1,208
	Cost of inventories sold	**1,411,507**	1,043,758
	Depreciation on property, plant and equipment	**2,108**	1,096
	Legal and professional fees	**742**	2,842
	Net loss on disposals of property, plant and equipment	**—**	1,312
	Operating lease charges: minimum lease payments — properties rentals	**803**	3,326
	Expected credit loss allowance on receivables	**1,756**	—

8. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss represents:

	2019 HKD'000	2018 HKD'000 (Restated)
Current tax		
— Hong Kong Profits Tax	150	1,290
— Under/(over)-provision in respect of prior years	16	(375)
— The PRC Enterprises Income Tax	7,901	2,920
	8,067	3,835
Deferred tax (Note 28(a))		
— Hong Kong	—	(1,296)
— The PRC	1,992	1,407
	1,992	111
Income tax expense	10,059	3,946

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (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 HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 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%.

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HKD2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. INCOME TAX EXPENSE *(Continued)*

(b) Reconciliation between the income tax expense and accounting profit at the applicable tax rates:

	2019 HKD'000	2018 HKD'000 (Restated)
Profit before taxation	**41,540**	6,995
Notional tax on profit before taxation, calculated at the rates applicable to profit in jurisdictions concerned	**11,243**	2,825
Tax effect of share of results of an associate	**(1,310)**	668
Tax effect of expenses not deductible for tax purposes	**2,386**	1,752
Tax effect of income not taxable	**(1,690)**	(758)
Tax effect of utilisation of tax losses previously not recognised	**(442)**	(710)
Tax effect of tax losses not recognised	**—**	6
Under/(over)-provision in prior years	**16**	(375)
Others	**(144)**	538
Actual tax expense	**10,059**	3,946

9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees		Salaries, allowances and benefits in kind		Retirement scheme contributions		Total	
	2019 HKD'000	2018 HKD'000	2019 HKD'000	2018 HKD'000	2019 HKD'000	2018 HKD'000	2019 HKD'000	2018 HKD'000
Law Fei Shing	—	—	871	871	18	18	889	889
Liu Kam Lung (resigned on 1 October 2019)	198	264	—	—	—	—	198	264
Qian Pu	—	—	835	784	65	106	900	890
Shin Yick, Fabian	—	—	390	390	18	18	408	408
Wang Jian	—	—	663	858	18	18	681	876
Xie Xiaobiao (resigned on 3 April 2018)	—	67	—	—	—	—	—	67
Zheng Suijun	264	264	—	—	—	—	264	264
Feng Guoming (appointed on 5 January 2018)	—	—	429	424	18	18	447	442
Chan Kin Sang (appointed on 3 April 2018)	264	197	—	—	—	—	264	197
Chan Ngai Sang, Kenny (appointed on 1 October 2019)	66	—	—	—	—	—	66	—
	792	792	3,188	3,327	137	178	4,117	4,297

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2018: three) are directors whose emoluments are disclosed in Note 9. The aggregate of the emoluments in respect of the other two (2018: two) individuals are as follows:

	2019 HKD'000	2018 HKD'000
Salaries and other emoluments	1,403	1,698
Retirement scheme contributions	36	36
	1,439	1,734

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

	No. of individuals	
	2019	2018
HKDNil — HKD1,000,000	2	2

11. EARNINGS/(LOSS) PER SHARE

The diluted earnings/(loss) per share for the year ended 31 December 2019 and 31 December 2018 was same as the basic earnings/(loss) per share. The computation of diluted earnings/(loss) per share in 2018 does not assume the exercise of the Company's warrants because the exercise price of those warrants was higher than the average market price of the shares for the year ended 31 December 2018 and there is no impact on the diluted earnings/(loss) per share in 2018 as all the Company's warrants had expired on 27 August 2018.

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity shareholders of the Company by weighted average number of ordinary shares in issue during the year.

	2019 HKD'000	2018 HKD'000 (Restated)
Earnings/(loss)		
Profit/(loss) attributable to equity shareholders of the Company		
— From continued operations	**31,481**	3,062
— From discontinued operation	**23,030**	(12,103)
	54,511	(9,041)
Number of shares	**'000**	'000
Weighted average number of ordinary shares in issue	**2,900,000**	2,900,000

Basic earnings/(loss) per share are the same as diluted earnings/(loss) per share as the Company has no dilutive potential shares.

12. SEGMENT REPORTING

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The CODM reviews the Group's internal reporting for purpose of allocating resources to, and assessing the performance of, the Group's various businesses.

The Group is organised into business units based on their products and services and has six reportable operating segments under HKFRS 8 Operating Segments which were as follows:

(i) Supply chain business;
(ii) Leasing business;
(iii) Property investment and consultancy;
(iv) Money lending business;
(v) Securities investment; and
(vi) Manufacturing and trading of garment (discontinued)

After the disposal as described in Note 5(a), the manufacturing and trading of garment was discontinued from 31 May 2019.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements. During the year, the Group renamed one of the segments, namely, general trading to supply chain business in order to reflect the nature of this segment more appropriately. There is no change in comparative figures as a result of the change in name of this segment.

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment

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

Year ended 31 December 2019	Continuing operations: Supply chain business HKD'000	Continuing operations: Leasing business HKD'000	Continuing operations: Property investment and consultancy HKD'000	Continuing operations: Money lending business HKD'000	Continuing operations: Securities investment HKD'000	Continuing operations: Subtotal HKD'000	Discontinued operation: Manufacturing and trading of garment HKD'000	Total HKD'000
Revenue from external customers	1,445,409	8,460	4,895	7,564	—	1,466,328	62,743	1,529,071
Segment result	28,517	2,694	12,057	1,807	—	45,075	23,030	68,105
Reconciliation:								
Interest income								327
Unallocated losses								(620)
Corporate and other unallocated expenses								(9,234)
Finance costs								(13,714)
Other net gains								11,767
Share of results of an associate								7,939
Profit before taxation								64,570
Income tax expense								(10,059)
Profit for the year								54,511

Year ended 31 December 2018	Continuing operations: General trading HKD'000	Continuing operations: Leasing business HKD'000	Continuing operations: Property investment and consultancy HKD'000	Continuing operations: Money lending business HKD'000	Continuing operations: Securities investment HKD'000	Continuing operations: Subtotal HKD'000	Discontinued operation: Manufacturing and trading of garment HKD'000 (Restated)	Total HKD'000 (Restated)
Revenue from external customers	1,045,592	7,421	15,773	3,906	7,825	1,080,517	278,304	1,358,821
Segment result	(1,781)	3,634	20,268	948	1,849	24,918	(12,103)	12,815
Reconciliation:								
Interest income								601
Unallocated gains								1,499
Corporate and other unallocated expenses								(8,427)
Finance costs								(8,372)
Other net gains								821
Share of results of an associate								(4,045)
Loss before taxation								(5,108)
Income tax expense								(3,946)
Loss for the year								(9,054)

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

At 31 December 2019	Continuing operations						Discontinued operation	
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000	Total HKD'000
Segment assets	390,657	76,284	194,968	60,142	238,966	961,017	–	961,017
Reconciliation:								
Corporate and other unallocated assets								111,096
Total assets								1,072,113
Segment liabilities	234,370	8,643	41,123	111	–	284,247	–	284,247
Reconciliation:								
Deferred tax liabilities								20,638
Bond								189,572
Corporate and other unallocated liabilities								83,195
Total liabilities								577,652

At 31 December 2018	Continuing operations						Discontinued operation	
	General trading HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000	Total HKD'000
Segment assets	22,109	178,851	207,010	50,540	86,512	545,022	82,934	627,956
Reconciliation:								
Corporate and other unallocated assets								240,211
Total assets								868,167
Segment liabilities	8,311	116,173	51,477	27	–	175,988	114,395	290,383
Reconciliation:								
Deferred tax liabilities								14,243
Bond								97,764
Corporate and other unallocated liabilities								7,982
Total liabilities								410,372

12. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

The following is an analysis of the Group's other segment information by reportable segments:

	Continuing operations						Discontinued operation	
Year ended 31 December 2019	**Supply chain business HKD'000**	**Leasing business HKD'000**	**Property investment and consultancy HKD'000**	**Money lending business HKD'000**	**Securities investment HKD'000**	**Subtotal HKD'000**	**Manufacturing and trading of garment HKD'000**	**Total HKD'000**
Other information								
Additions to non-current segment assets	20	59	—	—	—	79	2,791	2,870
Unallocated expenditure								140
								3,010
Depreciation	1	102	—	42	—	145	5,599	5,744
Unallocated depreciation								1,963
								7,707

	Continuing operations						Discontinued operation	
Year ended 31 December 2018	General trading HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000	Total HKD'000
Other information								
Additions to non-current segment assets	—	222	—	9	—	231	4,364	4,595
Unallocated expenditure								—
								4,595
Depreciation	—	68	—	42	—	110	6,254	6,364
Unallocated depreciation								986
								7,350

12. SEGMENT REPORTING *(Continued)*

(b) Geographical information

The Group's revenue from continuing operations from external customers by geographical market is as follows:

	2019 HKD'000	2018 HKD'000 (Restated)
The PRC	1,458,764	1,068,786
Hong Kong	7,564	11,731
	1,466,328	1,080,517

The Group's information about its non-current assets from continuing operations by geographic location is as follows:

	2019 HKD'000	2018 HKD'000
The PRC	236,166	218,081
Hong Kong	69,644	75,117
	305,810	293,198

(c) Major customers

Revenue from major customers, each of whom amounted to 10% or more of the total revenue, is set out below:

	2019 HKD'000	2018 HKD'000
Customer A[1]	—	477,807
Customer B[1]	—	149,179
Customer C	610,319	—

1 Revenue from these customers contributed less than 10% of the total revenue of the Group for the year ended 31 December 2019.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Leasehold property HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Total HKD'000
Cost						
At 1 January 2018	2,557	—	180,888	7,869	10,741	202,055
Exchange realignment	(217)	—	(2,264)	(95)	(22)	(2,598)
Additions	324	—	3,137	620	514	4,595
Arising from acquisition of a subsidiary (Note 4)	—	71,332	—	—	—	71,332
Disposals	—	—	(5,697)	(136)	(163)	(5,996)
At 31 December 2018	2,664	71,332	176,064	8,258	11,070	269,388
At 1 January 2019	2,664	71,332	176,064	8,258	11,070	269,388
Exchange realignment	(21)	—	(466)	(16)	(2)	(505)
Additions	2,422	—	19	550	19	3,010
Disposals	—	—	—	(33)	—	(33)
Disposals of subsidiaries (Note 5)	(4,347)	—	(175,617)	(8,149)	(10,516)	(198,629)
At 31 December 2019	718	71,332	—	610	571	73,231
Accumulated depreciation and impairment						
At 1 January 2018	2,029	—	168,613	6,601	5,675	182,918
Exchange realignment	(193)	—	(2,687)	(47)	(4)	(2,931)
Provided for the year	245	281	4,421	418	1,985	7,350
Eliminated on disposals	—	—	(4,197)	(135)	(163)	(4,495)
At 31 December 2018	2,081	281	166,150	6,837	7,493	182,842
At 1 January 2019	2,081	281	166,150	6,837	7,493	182,842
Exchange realignment	(21)	—	(378)	15	5	(379)
Provided for the year	2,328	1,829	2,153	733	664	7,707
Eliminated on disposals	—	—	—	(33)	—	(33)
Eliminated on disposals of subsidiaries (Note 5)	(3,789)	—	(167,925)	(7,212)	(7,840)	(186,766)
At 31 December 2019	599	2,110	—	340	322	3,371
Carrying amount						
At 31 December 2019	119	69,222	—	270	249	69,860
At 31 December 2018	583	71,051	9,914	1,421	3,577	86,546

The leasehold property held for own-use is located in Hong Kong on a long-term lease.

14. INVESTMENT PROPERTIES

	2019 HKD'000	2018 HKD'000
At the beginning of the year	**186,683**	191,677
Exchange realignment	**(3,580)**	(10,107)
Fair value gain	**7,953**	5,113
At the end of the year	**191,056**	186,683

The investment properties are situated in the PRC and are held under a medium-term lease.

At 31 December 2019, the Group's investment properties with an aggregate carrying amount of HKD191,056,000 (2018: HKD186,683,000), were pledged to bank loans granted to the Group (Note 27(a)).

(a) Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties is measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The fair value of the Group's investment properties at 31 December 2019 has been arrived at on the basis of valuation by 深圳市國正信資產評估土地房地產估價有限公司, an independent qualified professional valuer not connected with the Group.

The valuation of the Group's investment properties at 31 December 2019 is derived by recent comparable sales transactions in the relevant property market in the PRC together with unobservable inputs and are therefore grouped into Level 3 of fair value measurement. During the reporting period, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. INVESTMENT PROPERTIES *(Continued)*

(a) Fair value measurement of the Group's investment properties *(Continued)*

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2019 **HKD'000**	2018 HKD'000
At the beginning of the year	**186,683**	191,677
Exchange realignment	**(3,580)**	(10,107)
Fair value adjustment	**7,953**	5,113
At the end of the year	**191,056**	186,683

(b) Assets leased out under operating leases

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every 2 to 5 years to reflect market rentals. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment properties are classified as investment properties.

Total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2019 **HKD'000**	2018 HKD'000
Within 1 year	**5,815**	4,447
After 1 year but within 5 years	**9,692**	11,753
	15,507	16,200

15. INVESTMENT IN AN ASSOCIATE

	2019 HKD'000	2018 HKD'000
Share of net assets other than goodwill	**135,466**	127,472
Goodwill	**36,443**	36,443
Loss on deemed disposal	**(1,411)**	—
Release of exchange reserve upon deemed disposal of an associate	**184**	—
Transfer to unlisted equity investment at fair value through other comprehensive income (see Note 16)	**(170,682)**	—
	—	163,915

On 3 June 2018, Hua Tong Group Limited, a direct wholly-owned subsidiary of the Company, acquired 28% of equity interest in Golden Affluent Limited ("**Golden Affluent**"), for a cash consideration of HKD168,200,000 from an independent third party. The acquisition was completed on 29 June 2018.

Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC.

The investment in an associate is accounted for using equity method in the consolidated financial statements up to the date of cessation to become an associate.

At 31 December 2018, the Group held 28% shareholding interest in Golden Affluent and accounted for the investment as an associate. On 28 June 2019, Golden Affluent allotted and issued 23,551,034 new ordinary shares by way of placing of new shares and the Group's equity interest was diluted from 28% to 19% accordingly.

As a result, the Group was deemed to have disposed of 9% equity interest in Golden Affluent and ceased to have significant influence over Golden Affluent. The remaining 19% equity interest in Golden Affluent has therefore been accounted as a financial asset at fair value through other comprehensive income whose fair value at the date of deemed disposal was HKD170,682,000. The deemed disposal has resulted in the recognition of a loss in profit or loss, calculated as follows:

	HKD'000
Fair value of 19% equity interest in Golden Affluent on the date of loss of significant influence	170,682
Less: Carrying amount of 28% equity interest in Golden Affluent on the date of loss of significant influence	(171,909)
Release of exchange reserve upon deemed disposal	(184)
Loss on deemed disposal of 9% equity interest in Golden Affluent	(1,411)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019 HKD'000	2018 HKD'000
Financial assets at fair value through other comprehensive income ("**FVOCI**")		
— Listed equity securities in Hong Kong	63,548	85,768
— Unlisted equity securities in Hong Kong (Note 15 and Note 32(g)(i))	175,112	—
	238,660	85,768

Changes in fair value of those equity securities are recognised in other comprehensive income and accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained profits when the relevant equity securities are derecognised.

Remark:

The unlisted equity securities are shares held in Golden Affluent with 13,921,278 (2018: 13,921,278) ordinary shares. The Group re-designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes.

17. FINANCE LEASE RECEIVABLES

	2019 HKD'000	2018 HKD'000
Non-current finance lease receivables	44,894	19,969
Current finance lease receivables	30,942	30,286
	75,836	50,255
Less: Expected credit loss allowance	(961)	—
	74,875	50,255

17. FINANCE LEASE RECEIVABLES *(Continued)*

The total minimum lease payments receivable under finance leases and their present values are as follows:

	Minimum lease payments receivable		Present value of minimum lease payments	
	2019 HKD'000	2018 HKD'000	**2019 HKD'000**	2018 HKD'000
Within one year	**41,209**	34,318	**30,942**	30,286
Later than one year and not later than five years	**46,842**	20,108	**44,894**	19,969
	88,051	54,426	**75,836**	50,255
Less: Unearned interest income	**(12,215)**	(4,171)	**—**	—
Present value of minimum lease payments receivable	**75,836**	50,255	**75,836**	50,255

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 24 to 48 months (2018: 36 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate ranges approximately from 6.2% to 12% (2018: 6.2% to 8%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. The finance lease receivables at 31 December 2019 and 31 December 2018 are neither past due nor impaired.

18. INVENTORIES

	2019 HKD'000	2018 HKD'000
Raw materials	**—**	15,050
Work in progress	**—**	18,083
Finished goods	**1,961**	5,438
	1,961	38,571

19. TRADE RECEIVABLES

(a) Aging analysis

The ageing analysis of trade receivables (net of expected credit loss allowances) as of the end of the reporting period, based on invoice date, is as follows:

	2019 HKD'000	2018 HKD'000
Within 1 month	**228,818**	25,843
1 to 3 months	**103,066**	11,433
3 to 12 months	**1,884**	698
Over 12 months	**168**	193
	333,936	38,167

(b) Trade receivables that are not impaired

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

	2019 HKD'000	2018 HKD'000
Neither past due nor impaired	**330,224**	28,945
Less than 1 moth past due	**48**	3,745
1 to 3 months past due	**1,612**	4,905
3 to 12 months past due	**1,884**	409
Over 12 months past due	**168**	163
Amounts past due	**3,712**	9,222
	333,936	38,167

20. LOANS RECEIVABLES

The loans receivables from the money lending line of business are provided to independent third parties after a credit assessment on the borrower, bear interest ranging from 8% to 12% (2018: 8% to 10%) per annum and repayable within 1 year (2018: 1 year).

As at 31 December 2019, the loans receivables of amounting to HKD14,995,000 (2018: HKD20,016,000) are secured by the charges on certain shares of a company listed on the Main Board of the Stock Exchange held by the borrower while none of the loan receivables (2018: HKD25,099,000) are secured by the personal guarantee given by the sole director and sole shareholder of the borrower.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HKD'000	2018 HKD'000
Held for trading investments at fair value — Listed equity securities in Hong Kong	**243**	210

22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2019 HKD'000	2018 HKD'000
Cash and cash equivalents in the consolidated statement of financial position	105,034	138,404
Bank overdraft (Note 27)	—	(17,117)
Cash and cash equivalents in the consolidated statement of cash flows	105,034	121,287

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities 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.

	Shareholder's loan HKD'000	Bonds HKD'000 (Note 26)	Borrowings HKD'000 (Note 27)	Total HKD'000
At 1 January 2019	—	97,764	209,042	306,806
Changes from financing cash flows:				
Advance from a shareholder	70,000	—	—	70,000
Proceeds from new loans	—	—	275,708	275,708
Repayment of loans	—	—	(226,653)	(226,653)
Proceeds from issuance of bond, net of commission paid and handling fee	—	189,300	—	189,300
Repayment of bond	—	(100,000)	—	(100,000)
Total changes from financing cash flows	70,000	89,300	49,055	208,355
Exchange adjustments	—	—	670	670
Other changes:				
Disposal of subsidiaries (Note 5(a))	—	—	(56,755)	(56,755)
Commission paid for issuance of bond (Note 7(a))	—	2,236	—	2,236
Handling fee for issuance of bonds (Note 7(a))	—	272	—	272
Total other changes	—	2,508	(56,755)	(54,247)
At 31 December 2019	70,000	189,572	202,012	461,584

22. CASH AND CASH EQUIVALENTS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bond HKD'000 (Note 26)	Borrowings HKD'000 (Note 27)	Total HKD'000
At 1 January 2018	—	406,350	406,350
Changes from financing cash flows:			
Proceeds from new loans	—	578,739	578,739
Repayment of loans	—	(769,021)	(769,021)
Proceeds from margin loans	—	20,997	20,997
Repayment of margin loans	—	(20,997)	(20,997)
Proceeds from issuance of bond, net of commission paid	96,000	—	96,000
Total changes from financing cash flows	96,000	(190,282)	(94,282)
Exchange adjustments	—	(7,026)	(7,026)
Other changes:			
Commission paid for issuance of bond (Note 7(a))	1,764	—	1,764
Total other changes	1,764	—	1,764
At 31 December 2018	97,764	209,042	306,806

Note: Borrowings consist of bank loans, shareholder's loan and other borrowings as disclosed in Note 27.

23. TRADE PAYABLES

The ageing analysis of trade payables as of the end of the reporting period, based on invoice date, is as follows:

	2019 HKD'000	2018 HKD'000
Within 1 month	**50,033**	21,240
1 to 3 months	**12,452**	4,672
3 to 12 months	**2,656**	352
Over 12 months	**160**	72
	65,301	26,336

24. OTHER PAYABLES AND ACCRUED CHARGES

	2019 HKD'000	2018 HKD'000
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**1,874**	16,843
Deposits received for finance lease	**9,454**	3,789
Other deposits received	**665**	—
Sales deposits received	**1,118**	—
Rental deposits received	**954**	784
Interest payables	**5,198**	2,282
Others (including professional fee payables)	**768**	2,679
	20,031	26,377

25. CONTRACT LIABILITIES

These represent received in advance under the sales contracts with customers. At 31 December 2018, received in advance from customers amounting to HKD256,000 previously included in other payables and accrued expenses under trade and other payables were reclassified to contract liabilities.

Movements in contract liabilities during the year are as follows:

	HKD'000
At 1 January	256
Increase in contract liabilities as a result of receipts in advance of performance	3,500
At 31 December	3,756

26. BONDS

	2019 HKD'000	2018 HKD'000
Bonds carried at fixed coupon rate of 7% to 7.5% (2018: 5%) per annum	**189,572**	97,764

The Company entered into a placing agreement with a placing agent, a subsidiary of an associated company of the Company, pursuant to which the Company issued a 5% coupon unlisted bond on 24 July 2018 with the principal amount of HKD100,000,000. The amount is repayable within 12 months from the date of issue, and has fully repaid in July 2019.

Subsequently, the Company entered into two other placing agreements with placing agent, pursuant to which the Company issued 7.5% and 7% coupon unlisted bonds on 18 July 2019 and 15 October 2019 with the principal amounts of HKD100,000,000 and HKD90,000,000, respectively. These amounts are repayable within 12 months from the respective date of issue, which are 17 July 2020 and 14 October 2020, accordingly.

Transaction costs of placing commission of 4% of the principal amount of bond issued on 24 July 2018 and handling fee for issuance of bonds on 18 July 2019 and 15 October 2019 amounting HKD700,000 are incurred and amortised over the expected life of the bonds.

27. BORROWINGS AND OVERDRAFT

	2019 HKD'000	2018 HKD'000
Bank loans, secured (Note (a))	**151,724**	95,182
Bank overdraft (Note 22(a) and Note (a))	**—**	17,117
Other borrowings, unsecured (Note (b))	**50,288**	113,860
Shareholder's loan, unsecured (Note (c))	**70,000**	—
	272,012	226,159

The maturity profile of borrowings and overdraft, based on the scheduled repayment dates set out in relevant loan agreements, is as follows:

	2019 HKD'000	2018 HKD'000
Within 1 year	**236,082**	179,951
After 1 year but within 2 years	**4,321**	4,678
After 2 years but within 5 years	**31,609**	41,530
	272,012	226,159
Less: Amount due within one year or repayable on demand classified as current liabilities	**(236,082)**	(179,951)
	35,930	46,208

27. BORROWINGS AND OVERDRAFT *(Continued)*

Notes:

(a) At 31 December 2019, bank loans of HKD111,750,000 (2018: nil) and HKD39,974,000 (2018: HKD50,602,000) were secured by corporate guarantee from the Company and investment properties of the Group, interest-bearing at 7% per annum (2018: nil) and 6.37% (2018: 6.37%) per annum respectively.

At 31 December 2018, bank loans of HKD44,580,000 were secured by corporate guarantee from the Company, legal charges on leasehold properties of companies controlled by and personal guarantees from Mr. Cheng Kwai Chun ("**Mr. Cheng**"), a director of a wholly owned subsidiary of the Company. Bank overdraft of HKD17,117,000 in 2018 was secured by legal charge on certain assets of Mr. Cheng.

(b) Other borrowings are obtained from independent third parties. Amount of HKD50,288,000 (2018: HKD113,860,000) is unsecured, interest-bearing at 8% (2018: 4.35%) per annum and are repayable within 6 months (2018: 1 year).

(c) The loan is from an Executive Director of the Company who is also one of the substantial shareholders and is unsecured, interest free and is repayable on demand.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised

	2019 **HKD'000**	2018 HKD'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**20,638**	14,243

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(a) Deferred tax assets and liabilities recognised *(Continued)*

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses HKD'000	Accelerated tax depreciation HKD'000	Fair value changes of held for trading investment HKD'000	Investment properties HKD'000	Other temporary differences HKD'000	Total HKD'000
At 1 January 2018	(495)	487	1,151	18,796	(5,542)	14,397
Effect of changes in exchange rate	—	—	—	(1,021)	155	(866)
Charged to profit or loss	74	(58)	(1,183)	1,278	—	111
Disposal of subsidiaries (Note 5(a))	13	(13)	—	—	601	601
At 31 December 2018 and 1 January 2019	(408)	416	(32)	19,053	(4,786)	14,243
Effect of changes in exchange rate	—	—	—	(383)	(4)	(387)
Charged to profit or loss	—	(1)	5	1,988	2,755	4,747
Disposal of subsidiaries (Note 5(a))	408	(408)	—	—	2,035	2,035
At 31 December 2019	—	7	(27)	20,658	—	20,638

(b) Deferred tax assets not recognised

At 31 December 2019, the Group has unused tax losses of approximately HKD394,000 (2018: HKD87,421,000). A deferred tax asset has been recognised in respect of approximately HKDnil (2018: HKD2,475,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of approximately HKD394,000 (2018: HKD84,946,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses of approximately HKDnil (2018: HKD5,263,000) that will expire within five years. Other losses may be carried forward indefinitely.

29. PROVISION AND OTHER ACCRUED CHARGES

	2019 HKD'000	2018 HKD'000
Provision for long service payments (Note (a))	—	763
Other accrued charges (Note (b))	—	13,718
	—	14,481

29. PROVISION AND OTHER ACCRUED CHARGES *(Continued)*

(a) Provision for long service payments

Under the Hong Kong Employment Ordinance, the Group is required to make long service payments to its employees in Hong Kong upon the termination of their employment or retirement when the employee fulfils certain conditions and the termination meets the required circumstances.

(b) Other accrued charges

Other accrued charges represent liabilities in respect of staff welfare and benefits.

30. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HKD'000	Share premium HKD'000	Warrant reserve HKD'000	Contributed surplus HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2018	58,000	362,134	5,490	181,059	(169,639)	437,044
Changes in equity for the year ended 31 December 2018:						
Loss and total comprehensive income for the year	—	—	—	—	(49,766)	(49,766)
Warrants lapsed	—	—	(5,490)	—	5,490	—
At 31 December 2018	58,000	362,134	—	181,059	(213,915)	387,278
At 1 January 2019	58,000	362,134	—	181,059	(213,915)	387,278
Changes in equity for the year ended 31 December 2019:						
Loss and total comprehensive income for the year	—	—	—	—	(15,242)	(15,242)
At 31 December 2019	58,000	362,134	—	181,059	(229,157)	372,036

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: nil).

30. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

Authorised and issued share capital

	2019 No. of shares '000	2019 HKD'000	2018 No. of shares '000	2018 HKD'000
Authorised:				
At the beginning and end of the year	**10,000,000**	**200,000**	10,000,000	200,000
Ordinary shares, issued and fully paid:				
At the beginning and end of the year	**2,900,000**	**58,000**	2,900,000	58,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserve

(i) Share premium

The application of the share premium account is governed by Bermuda Companies Act 1981 (as amended).

(ii) Warrant reserve

On 27 August 2015, the Company issued 283,000,000 unlisted warrants at HKD0.02 each to six independent third parties raising HKD5,490,000 net of cash. The warrants entitled the holders to subscribe for 283,000,000 ordinary shares of the Company at a subscription price of HKD3.00 each at any time during a period of 36 months commencing from the date of issue of the warrants. On 27 August 2018, all the unlisted warrants had expired and no subscription rights attached to these warrants were exercised and the warrant reserve was released to retained profits accordingly.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policy set out in Note 2(u).

30. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserve *(Continued)*

(iv) Contributed surplus

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time the reorganisation on 9 November 2001 and has been adjusted for the dividend declared from this reserve after 9 November 2001.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of a Company is available for distribution. However, the Company cannot declare or pay dividend, or make a distribution out of the contributed surplus, if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than its liabilities.

(e) Distributability of reserves

In the opinion of the directors, the Company's reserves available for distribution to shareholders at the end of the reporting period were:

	2019 HKD'000	2018 HKD'000
Share premium	**362,134**	362,134
Contributed surplus	**181,059**	181,059
Accumulated losses	**(229,157)**	(213,915)
	314,036	329,278

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group regularly reviews its capital structure on the basis of a gearing ratio computed as total debt over shareholders' fund. For this purpose, the Group defines total debts as total borrowings (which include interest-bearing borrowings and bonds). Total shareholders' fund comprises all components of equity.

30. CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management *(Continued)*

The gearing ratio as at 31 December 2019 and 31 December 2018 was as follows:

	2019 HKD'000	2018 HKD'000
Current liabilities		
Interest-bearing borrowings and bonds	461,584	323,923
Total debts	461,584	323,923
Total shareholders' fund	494,461	457,795
Gearing ratio	93%	71%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31. SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to a shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted. Under the Scheme, the board of directors (the "**Directors**") may grant options to eligible employees of the Group, any executive and non-executive directors (including independent non-executive directors) of the Group and other eligible participants to subscribe for shares in the Company (the "**Shares**"), at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Scheme for the holding of an option before it can be exercised. A nominal consideration of HKD1 is payable on acceptance of the grant of an option.

31. SHARE OPTION SCHEME *(Continued)*

Shares which may be issued upon exercise of all options to be granted under the Scheme or any other share option scheme of the Company must not in aggregate exceed 141,500,000 shares of the Company, being 10% of the shares in issue on the date of approval of the Scheme by the shareholders of the Company.

Unless approved by shareholders of the Company, the total number of Shares issued and which may fall to be issued upon exercise of the options to be granted under the Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

No options under the Scheme were granted or exercised during the years ended 31 December 2019 and 2018 and there were no outstanding options at 31 December 2019 and 31 December 2018.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, loan receivables, finance lease receivables, trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Cash and cash equivalents are normally placed at financial institutions that have sound credit rating.

Loans receivable
Before accepting any new loans, the Group assesses the credit quality of each potential borrower and defined limits for each borrower. The Group also demands certain borrowers to provide personal guarantees from their respective shareholders or director or equity securities as collateral to the Group at the time the money lending arrangement is entered into. In addition, the Group has reviewed the repayment history of loan payments from each borrower with reference to the repayment schedule from the date of loans receivable to determine the recoverability of the loans receivables. Also, the Group takes into account information specific to the customers as well as pertaining to the economic environment in which the customers operate.

In determining the ECLs of loans receivables, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in measuring the loss allowance using life-time ECLs and the Group has determined the ECLs is insignificant.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Finance lease receivables

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9 "Financial Instruments", which permits the use of the lifetime expected credit loss provision for finance lease receivables. For customers who purchased the motor vehicles or machineries under finance lease arrangement, the Group has policies in place to review their credit worthiness and charged a market interest rate based on their credit worthiness. Management monitors the scheduled instalment pattern and credit worthiness of the customers closely. In the event, the Group notices the deterioration of credit worthiness and default settlement of 2 months contractual instalments, the Group will repossess the assets up for sale. Management, considered among other factors, analysed historical pattern and concluded that the expected credit loss for finance lease receivables to be HKD961,000 (2018: nil) during the reporting period.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2019, the Group had a certain concentration of credit risk as 2% (2018: Nil%) and 62% (2018: 33%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group's credit risk in other receivables is mainly from supply chain financing arrangements with two customers which were entered during the year.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 365 days (2018: 30 to 60 days) from the date of billing. Overdue balances are monitored tightly and regularly. For supply chain financing arrangements, the Group has developed a series of policies to mitigate credit risk, including obtaining security deposit and guarantee from an enterprise or individual, depending on the customers' credit status and credit risk degree. The management periodically evaluates the capability of the guarantor.

The Group measures loss allowances for trade and other receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(a) Credit risk *(Continued)*

Trade and other receivables (Continued)

ECLs rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the year 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. The impairment for trade and other receivables for the year is provided upon the recognition of significant increase in credit risks and based current economic situation and forward looking information available to the management.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2019		
	Expected loss rate %	Gross carrying amount HKD'000	Loss allowance HKD'000
Current (not past due)	**0.08**	**330,492**	**(268)**
Less than 1 month past due	**0.08**	**48**	**—**
1 to 3 months past due	**0.08**	**1,614**	**(2)**
3 to 12 months past due	**0.08**	**1,886**	**(2)**
Over 12 months past due	**0.08**	**168**	**—**
		334,208	**(272)**

Movements in the loss allowance account in respect of trade receivables during the year are as follows:

	2019 HKD'000	2018 HKD'000
At the beginning of the year	**—**	1,312
Impairment loss recognised	**272**	—
Uncollectible amounts written off	**—**	(1,312)
At the end of the year	**272**	—

Included in the other receivables amounting to HKD29,672,000 (2018: nil) related to the receivables from supply chain finance arrangements, the Group's exposure to credit risk and ECLs amounting to HKD524,000 (2018: nil).

Expected loss rates are based on actual loss experience over the past 3 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.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2019					At 31 December 2018				
	Carrying amount HKD'000	Total contractual undiscounted cash flow HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Carrying amount HKD'000	Total contractual undiscounted cash flow HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000
Trade payables	65,301	65,301	65,301	—	—	26,336	26,336	26,336	—	—
Other payables and accrued charges	20,031	20,031	20,031	—	—	26,377	26,377	26,377	—	—
Contract liabilities	3,756	3,756	3,756	—	—	256	256	256	—	—
Bond	189,572	203,800	203,800	—	—	97,764	105,000	105,000	—	—
Borrowings and overdraft +	272,012	291,337	246,797	6,514	38,026	226,159	245,280	186,270	7,533	51,477
Provision and other accrued charges	—	—	—	—	—	13,718	13,718	—	—	13,718
	550,672	584,225	539,685	6,514	38,026	390,610	416,967	344,239	7,533	65,195

\+ Borrowings and overdraft with repayment on demand clause are classified as on demand in the above analysis although the demand clause has not been exercised.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank deposits, loans receivables, bond and borrowings and overdraft. Bank deposits, loans receivables, bond and borrowings and overdraft are issued at variable rates and at fixed rates which would expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

(i) Interest rate profile

The Group's interest rate profile as monitored by management is set out below:

	At 31 December 2019 Effective interest rate %	At 31 December 2019 HKD'000	At 31 December 2018 Effective interest rate %	At 31 December 2018 HKD'000
Fixed rate receivables:				
Loan receivables	**12.00**	**14,995**	8.90	45,000
Fixed rate coupon bond:				
Bond	**7.26**	**190,000**	5.00	100,000
Fixed rate borrowings:				
Borrowings and overdraft	**8.00**	**(50,288)**	4.35	(113,860)
Variable rate deposits:				
Bank deposits	**0.16**	**104,991**	0.33	133,251
Variable rate borrowings:				
Borrowings and overdraft	**6.83**	**(151,724)**	5.54	(112,299)
Net variable rate exposure		**(46,733)**		20,952

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 100 basis points (2018: 100 basis points) in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax by approximately HKD390,000 (2018: increase/decrease the loss after tax by approximately HKD175,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for the year ended 31 December 2018.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk

(i) Foreign currency transactions

The Group is exposed to currency risk primarily through sales, purchases and expense transactions that are denominated in a currency other than the functional currency of the entity to which they relate. The currencies giving rise to this risk are primarily Renminbi and United States Dollars during the year.

(ii) Recognised assets and liabilities

In respect of trade and other receivables and payables held in currencies other than the functional currency of the entity to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(iii) Exposure to foreign currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	2019		2018	
	Renminbi '000	**United States Dollars '000**	Renminbi '000	United States Dollars '000
Trade receivables	**—**	**—**	—	2,340
Cash and cash equivalents	**881**	**—**	9	758
Trade payables	**—**	**—**	(1,299)	(515)
Other payables and accrued charges	**—**	**—**	(23)	(221)
Provision and other accrued charges	**—**	**—**	(9,753)	—
Net exposure arising from recognised assets and liabilities	**881**	**—**	(11,066)	2,362

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk *(Continued)*

(iv) Sensitivity analysis

The following table indicates the approximate change in the Group's profit/(loss) after tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

	2019		2018	
	Increase/ (decrease) in foreign exchange rate	**Effect on profit after tax HKD'000**	Increase/ (decrease) in foreign exchange rate	Effect on loss after tax HKD'000
Renminbi	**5%**	**42**	5%	526
	(5%)	**(42)**	(5%)	(526)
United States Dollars	**5%**	**—**	5%	(764)
	(5%)	**—**	(5%)	764

The sensitivity analysis has been determined assuming that the change in foreign exchange rates occurred at the end of the reporting period and applied to each of the Group entities' exposure to currency risk for non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States Dollars would be materially unaffected by any changes in movement in value of the United States Dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit/(loss) after tax measured in the respective functional currencies, translated into Hong Kong Dollar at the exchange rate ruling as at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for the year ended 31 December 2018.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through profit or loss and non-trading purposes (see Notes 21 and 16). All of these investments are listed.

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Decisions to buy or sell held for trading investments are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs.

At 31 December 2019, it is estimated that an increase/decrease of 5% (2018: 5%) in the relevant stock market index, with all other variables held constant, would have increased/decreased the Group's profit/(loss) after tax and retained profits as follows:

	2019			2018		
	Increase/ (decrease) in equity price rate	Effect on profit after tax HKD'000	Effect on retained profits HKD'000	Increase/ (decrease) in equity price rate	Effect on loss after tax HKD'000	Effect on retained profits HKD'000
Change in the relevant equity price risk variable:						
Increase	**5%**	**2,663**	**2,663**	5%	(3,590)	3,590
(Decrease)	**(5%)**	**(2,663)**	**(2,663)**	(5%)	3,590	(3,590)

The sensitivity analysis indicates the instantaneous change in the Group's profit/(loss) after tax and retained profits that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis for the year ended 31 December 2018.

(f) Categories of financial instruments

	2019 HKD'000	2018 HKD'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**558,687**	275,058
Financial assets at FVPL and financial assets at FVOCI	**238,903**	85,978
Financial liabilities		
Financial liabilities at amortised cost	**550,672**	390,610

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table represents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

The following table presents the Group's assets that are measured at fair value at the end of the reporting periods:

		Fair value measurements as at 31 December 2019 categorised into			Fair value measurements as at 31 December 2018 categorised into
	Fair value at 31 December 2019 HKD'000	**Level 1 HKD'000**	**Level 3 HKD'000**	Fair value at 31 December 2018 HKD'000	Level 1 HKD'000
Recurring fair value measurements					
Assets:					
Financial assets measured at FVOCI					
— Listed equity securities	**63,548**	**63,548**	**—**	85,768	85,768
— Unlisted equity securities	**175,112**	**—**	**175,112**	—	—
Financial assets measured at FVPL					
— Listed equity securities	**243**	**243**	**—**	210	210

During the reporting period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 except for a transfer from investment in an associate at carrying amount to financial assets at FVOCI measured at Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(g) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The fair value of unquoted equity investments is determined using the income approach, in this approach, the discounted cash flows method was used to capture the present value of the expected future economic benefits to be derived from the equity ownership of these unlisted securities.

The movement during the year in the balance of Level 3 fair value measurements is as follows:

	2019 HKD'000	2018 HKD'000
Unquoted equity investments:		
At 1 January	—	—
Transferred from investment in an associate (see Note 15)	170,682	—
Changes in fair value	4,430	—
At 31 December	175,112	—

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2019 and 2018.

33. COMMITMENTS

Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2019 HKD'000	2018 HKD'000
Within 1 year	59	4,223

In 2018, the Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. In 2019, the Group has initially applied HKFRS 16 and from 1 January 2019 onwards, future lease payments would be recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 2(i)(b). However, the Group is the lessee of an operating lease of a rented office with short-term lease ending on 31 January 2020, the Group elected the exemption and practical expedients of HKFRS 16 as detailed in Note 2(c)(ii).

34. FINANCIAL GUARANTEES ISSUED

At 31 December 2019, the Company had issued corporate guarantees amounting to HKD112 million (2018: HKD55 million) and HKD57 million (2018: HKD57 million) to banks and an independent third party, respectively, in connection with facilities granted to subsidiaries.

The guarantees were issued by the Company at no consideration. The transactions were not at arm's length, and it is not possible to measure reliably the fair value of these transactions in accordance with HKFRS 9, Financial instruments, had they been at arm's length. Accordingly, the guarantees have not been accounted for as financial liabilities and measured at fair value.

At 31 December 2019, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by a subsidiary of HKD112 million (2018: HKD45 million).

35. PLEDGE OF ASSETS

At 31 December 2019, the investment properties of the Group with carrying amount of approximately HKD191,056,000 (2018: HKD186,683,000) have been pledged to secure a bank loan granted to the Group.

36. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 and the highest paid employees as disclosed in Note 10, is as follows:

	2019 HKD'000	2018 HKD'000
Salaries, allowances and other benefits	**4,805**	5,774
Contributions to defined contributions retirement plan	**155**	214
	4,960	5,988

Total remuneration is included in "Staff costs" (see Note 7(b)).

(b) Financing arrangements

At 31 December 2018, certain general banking facilities totalling HKD75,000,000 were secured by legal charges on leasehold properties of companies controlled by Mr. Cheng, the director and legal representation of certain major subsidiaries of the Group, legal charges on certain assets of Mr. Cheng and personal guarantees from Mr. Cheng. At 31 December 2018, these facilities were utilised by the Group to the extent of HKD61,677,000.

During the year upon the disposal of the subsidiaries per Note 5(a), the financing arrangements between the Group and Mr. Cheng have been terminated and the above facilities were ceased before end of the reporting period.

36. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Other related party transactions

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions during the year:

Name of related party	Nature of transaction	2019 HKD'000	2018 HKD'000
From discontinued operation			
Companies in which Mr. Cheng has interests or significant influence	Sales of goods	**499**	1,593
	Rental and other income received	**139**	322
	Commission paid	**—**	16
	Overdue interest income	**—**	143
	License fee paid	**376**	901
	Rental expenses paid	**1,600**	3,840
From continuing operations			
A subsidiary of an associated company of the Company	Commission paid for bond placing	**—**	1,764

Trade receivables at 31 December 2019 included amounts of HKDnil (2018: HKD367,000) due from the above related parties.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Depreciation

The Group management determines the estimated useful lives and related depreciation charge for the property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(c) Impairments of property, plant and equipment

In considering the impairment loss that may be required for certain property, plant and equipment, and deposits paid for acquisition of property, plant and equipment, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of its fair value less costs of disposal and the value in use. It is difficult to precisely estimate its fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

An increase or decrease in the above impairment loss would affect the operating results in the year and future years.

(d) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules in various jurisdictions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in respective tax legislation.

Deferred tax assets/liabilities are recognised for tax losses not yet used arising from revaluation of investment properties and temporary deduction differences. As those deferred tax assets/liabilities can only be recognised to the extent that it is probable that future profit will be available against which the unused tax loss/credit can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets/liabilities are recognised only if it becomes probable that future taxable profits will allow the deferred tax asset/liabilities to be recovered/paid.

(e) Inventories provision

The Group performs regular reviews of the carrying amounts of inventories with reference to aged inventories analyses, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Due to changes in customers' performance and market demand, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation.

(f) Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions including unobservable inputs. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss that would be recognised in profit or loss. Details of these are set out in Note 14.

37. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(g) Provision of ECLs for trade and other receivables and finance lease receivables

The Group uses a provision of matrix to calculate ECLs for trade and other receivables and finance lease receivables. The provision rates are based on days past due for groupings of various debtors that have similar loss patterns. The provision matrix is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the historical credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade and other receivables and finance lease receivables are disclosed in Note 19, Note 17 and Note 32(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(h) Estimate of fair value of equity investments

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model) and makes assumptions that are mainly based on market conditions existing at each date of consolidated statement of financial position. Details of the key assumptions used and the impact of changes to these assumptions are described in Note 32 (g).

38. SUBSIDIARIES

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/registered capital	Proportion of ownership interest held by the Company				Principal activities
			2019		2018		
			Directly	Indirectly	Directly	Indirectly	
Ample Colour Investments Limited*	British Virgin Islands	1 share of USD1 each	–	–	100%	–	Investment holding
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	–	100%	–	100%	Money lending business and securities investment
Hua Tong Group Limited	British Virgin Islands	1 share of USD1 each	100%	–	100%	–	Investment holding
Markway International Group Holdings Limited*	Hong Kong	1 share of HKD1 each	–	–	–	100%	Provision of administrative services
Mega Grade Holdings Limited*	British Virgin Islands	50,000 shares of USD1 each	–	–	100%	–	Investment holding
Pak Tak Hong Kong Trading Limited*	Hong Kong	10,000 shares of HKD1 each	–	–	–	100%	Trading in garments
Richtime Knitting Limited*	Hong Kong	10,000 shares of HKD1 each	–	–	–	100%	Trading in garments and provision of administrative services
Shibo Global Holdings Limited	British Virgin Islands	1 share of USD1 each	100%	–	100%	–	Investment holding
百德針織製衣(東莞)有限公司#*	The PRC	HKD111,975,000	–	–	–	100%	Manufacture of and trading in garments
深圳金盛融資租賃有限公司#	The PRC	HKD100,000,000	100%	–	100%	–	Provision of leasing services
深圳金勝供應鏈有限公司#	The PRC	HKD100,000,000	–	100%	–	100%	Supply chain business
深圳金盛商業有限公司#	The PRC	RMB60,000,000	–	100%	–	100%	Property investment and consultancy
深圳金盛商業保理有限公司#	The PRC	HKD25,000,000	–	100%	–	100%	Provision of trade financing, accounts receivable management and debt collection services

Wholly foreign owned enterprise

* These subsidiaries were disposed of during the year ended 31 December 2019

All subsidiaries operate principally in their respective places of incorporation or registration. None of the subsidiaries had issued any debt securities at the end of the year.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HKD'000	2018 HKD'000
Non-current assets		
Investments in subsidiaries (Note 38)	100,010	100,397
Current assets		
Other receivables, prepayments and deposits	419	362
Amounts due from subsidiaries	535,191	390,562
Cash and cash equivalents	12,223	2,906
	547,833	393,830
Current liabilities		
Accrued charges	6,116	3,193
Amounts due to subsidiaries	10,119	5,992
Borrowings	70,000	—
Bonds	189,572	97,764
	275,807	106,949
Net current assets	272,026	286,881
NET ASSETS	372,036	387,278
CAPITAL AND RESERVES (Note 30(a))		
Share capital	58,000	58,000
Reserves	314,036	329,278
TOTAL EQUITY	372,036	387,278

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

The Group anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the foreseeable future.

41. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach and transitional expedients. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2(c).

Save as disclosed, certain comparative figures have been reclassified to conform to the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March 2016 HKD'000	Year ended 31 March 2017 HKD'000	Period from 1 April 2017 to 31 December 2017 HKD'000	Year ended 31 December 2018 HKD'000 (Restated)	**Year ended 31 December 2019 HKD'000**
Continuing operations					
Turnover	308,545	221,782	751,469	1,080,517	**1,466,328**
(Loss)/profit from operations	(42,907)	(26,132)	65,475	19,412	**47,315**
Finance costs	(453)	(852)	(6,598)	(8,372)	**(13,714)**
Share of results of an associate	—	—	—	(4,045)	**7,939**
(Loss)/profit before taxation	(43,360)	(26,984)	58,877	6,995	**41,540**
Income tax credit/(expense)	3,659	(70)	(20,788)	(3,946)	**(10,059)**
(Loss)/profit for the year/period from continuing operations	(39,701)	(27,054)	38,089	3,049	**31,481**
Discontinued operations					
(Loss)/profit for the year/period from discontinued operations	—	(2,102)	(7,581)	(12,103)	**23,030**
(Loss)/profit for the year/period	(39,701)	(29,156)	30,508	(9,054)	**54,511**
Attributable to:					
Equity shareholders of the Company	(39,701)	(28,919)	39,203	(9,041)	**54,511**
Non-controlling interests	—	(237)	(8,695)	(13)	**—**
	(39,701)	(29,156)	30,508	(9,054)	**54,511**

ASSETS AND LIABILITIES

	Year ended 31 March 2016 HKD'000	Year ended 31 March 2017 HKD'000	**Year ended 31 December** 2017 HKD'000	**Year ended 31 December** 2018 HKD'000	**Year ended 31 December 2019 HKD'000**
Total assets	235,272	459,828	1,026,619	868,167	**1,072,113**
Total liabilities	(95,941)	(257,709)	(512,477)	(410,372)	**(577,652)**
Net assets	139,331	202,119	514,142	457,795	**494,461**
Equity attributable to equity shareholders of the Company	139,331	107,098	514,142	457,793	**494,459**
Non-controlling interests	—	95,021	—	2	**2**
Total equity	139,331	202,119	514,142	457,795	**494,461**