2020
Annual Report

Planetree
INTERNATIONAL
梧桐國際

梧桐國際發展有限公司
Planetree International Development Limited

(Incorporated in Bermuda with limited liability)
Stock code: 00613

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Leung Wing Cheung, William
Mr. Lam Hiu Lo
Mr. Liang Kang
Ms. Cheung Ka Yee
Mr. Man Wai Chuen

Independent Non-Executive Directors
Mr. Chan Sze Hung
Mr. Zhang Shuang
Mr. Chung Kwok Pan
Ms. Liu Yan

COMMITTEES

Audit Committee
Ms. Liu Yan *(Chairman)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan

Nomination Committee
Ms. Cheung Ka Yee *(Chairman)*
Ms. Liu Yan
Mr. Chung Kwok Pan

Remuneration Committee
Ms. Liu Yan *(Chairman)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan

AUTHORISED REPRESENTATIVES

Ms. Cheung Ka Yee
Mr. Man Wai Chuen

COMPANY SECRETARY

Mr. Man Wai Chuen

EXTERNAL AUDITORS

Mazars CPA Limited

PRINCIPAL BANKERS

Morgan Stanley Bank Asia Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

LEGAL ADVISERS

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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HKEX STOCK CODE

00613

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Planetree International Development Limited (the "**Company**"), I am pleased to present this annual report to you.

Our 2020 annual report cover features an image of a star map, or the constellations above the sky of Hong Kong. Hong Kong is probably one of the most light-polluted cities on the planet with high density of neon signs (I use neon because it brings back memories of a soon to be bygone era as they are slowly replaced by LEDs) and its tower-studded cityscape that many would consider stargazing to be impossible. A year of living with Covid-19 has changed the lifestyles of many; negatives aside, people are discovering the miles and miles of excellent hiking trails, camping grounds, and scenic destinations within our city. And yes, there are even places where we can go and enjoy a stargazing session in this beautiful city.

2020 was a challenging year. While violent protests and political unrests in the city came to end, we were abruptly hit by the full force of Covid-19. Economy came to a standstill with many businesses failing and unemployment rate rising. The adverse impact of Covid-19 will likely last well into this year. Let us not lose hope, Martin Luther King Jr. once said, "Only in the darkness can you see the stars" and know that the darkest night will produce the brightest stars. To reiterate what we said last year, uncertainties create risks and opportunities. The Company has taken time to evaluate and/or develop potential businesses as wells as continue to make strategic adjustments to the Group's assets portfolio with business diversifications.

We navigated through 2020 with a profit of more than 80% over last year by offering additional services in financial related products. Just as one sees bright stars on a clear dark night, our path has never been so clear and we are heading in the right direction. But let us not be content with what we have achieved, there is still much we can offer.

I like to conclude this statement with a quote from Theodore Roosevelt, "Keep your eyes on the stars, and your feet on the ground". That is, to aim high and use all the tools available to us to work towards that goal, always aspire for more, but never lose track of who we are throughout the journey. I like to thank our shareholders, my fellow directors, and dedicated staff members for their support during the year and let us continue or embark on this journey together.

By order of the Board
Planetree International Development Limited
Dr. Leung Wing Cheung, William
Executive Chairman

Hong Kong, 19 March 2021

Management Discussion and Analysis

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Planetree International Development 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 2020.

REVIEW OF RESULTS

During the year under review, the total revenue and other income of the Group increased by HK$186.9 million or 330% to HK$243.7 million as compared to last year. The Group recorded a consolidated profit of HK$41.8 million attributable to shareholders of the Company for the year ended 31 December 2020 (the "**Year**"), an increase of HK$19.5 million or 87% from last year. The increase in profit is attributable to the Group's successful development of its financial services business.

With the management's dedication and continuous efforts, the Group experienced significant growth in revenue in the Year attained mainly from the following areas:

(i) the Group's securities dealing team holds Type 1 licence granted under the SFO to carry on the business of dealing in securities and has provided margin financing services which generated margin loan interest for HK$59.5 million in the Year (2019: HK$0.7 million);

(ii) the Group's asset management team holds Type 9 licence granted under the SFO to carry on the business of provision of asset management services which generated asset management fees and performance fees based on the appreciation in the value of clients' net assets under their management in the sum of HK$51.7 million in the Year (2019: Nil);

(iii) the Group's corporate finance advisory team (with Type 6 licence granted under the SFO) and the other corporate advisory related services team have provided professional services which generated advisory fees for HK$21.5 million in the Year (2019: Nil); and

(iv) the Group's money lending team has provided credit and lending services (under a licence granted under the Money Lenders Ordinance, Chapter 163 of the laws of Hong Kong) which generated loan interest for HK$26.9 million in the Year (2019: HK$14.1 million).

The basic and diluted earnings per share for the Year were HK4.47 cents and HK4.46 cents respectively, whereas the basic and diluted earnings per share of HK2.40 cents (adjusted as a result of the Company's share consolidation effective on 12 May 2020) was recorded for the last corresponding year.

During the Year, the sum of administrative expenses increased to HK$104.0 million (2019: HK$34.0 million). In exploring new business opportunities and successfully expanding the Group's business scope, more legal and professional fees were incurred, apart from additional staff salaries. To attract talents to make contributions to the development of the Group's businesses, the Company also granted share options and share awards to directors, employees and consultants, resulting in a sum of share option expenses for HK$50.9 million and an amount of share award expenses for HK$2.3 million recorded under administrative expenses during the Year.

Management Discussion and Analysis

The management and certain staff showed support and devotion to the Company by voluntarily cancelling 88,000,000 (adjusted as a result of the Company's share consolidation effective on 12 May 2020) share options granted by the Company without any monetary consideration or compensation for betterment of the Company and its shareholders as a whole. The sum of administrative expenses for HK$50.9 million without cash outlay was recorded by the Company during the Year based on the valuations of those share options. Upon cancellation of the share options in November 2020, there was a transfer of HK$50.9 million from the Company's share option reserve (a non-distributable reserve) to retained earnings (a distributable reserve). Although such a transfer does not alter the Group's profitability for the year under review, the closing balance of retained earnings to be brought forward has been increased for the benefit of the Company and its shareholders as a whole.

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil). No interim dividend was declared for the financial years of 2020 and 2019.

BUSINESS REVIEW

With the aim at enhancing the Group's long-term growth potential, the Group successfully implemented the business diversification strategy during the Year by reducing the scale of the Group's portfolio of listed equity investments and portfolio of investment properties so as to allocate more resources to develop the business of providing financial services to clients. The principal activities of the Group are classified into the following business segments:

(1) Financial services — operations under SFO licences

After the acquisition of a majority stake (approximately 52.63% shareholding) in Planetree (Cayman) Capital Limited ("**Planetree Capital**", formerly known as Liberty Capital Limited) in mid-December 2019, the Group in January 2020 injected a sum of HK$227.8 million equity capital into Planetree Capital to develop its businesses covering the provision of dealing in securities (including the provision of margin loans to clients), dealing in futures contracts and asset management services through Planetree Capital's subsidiaries (together the "**Planetree Capital Group**") with Type 1, Type 2 and Type 9 licences granted under the Securities and Futures Ordinance (the "**SFO**", Chapter 571 of the laws of Hong Kong) to carry on such kind of regulated business activities. Through shares buybacks from Planetree Capital's minority shareholders completed in December 2019 and August 2020, Planetree Capital has now become a wholly-owned subsidiary of the Company with a consolidated net asset value of HK$636 million together with our head office inter-company finance for HK$306 million as at 31 December 2020. Planetree Capital Group has leveraged on the Group's financial resources, business network and management efforts as well as the goodwill of being a member of a listed group to procure high net worth individual and corporate clients to substantially boost its businesses. The expanded margin loan book generated margin loan interest for HK$59.5 million in the Year (2019: HK$0.7 million) while the asset management services reactivated during the Year generated asset management fees and performance fees (based on the appreciation in the value of clients' net assets under their management) in the sum of HK$51.7 million in the Year (2019: Nil).

Management Discussion and Analysis

In order to expand the scope of this segment, the Company in May 2020 announced the acquisition of the entire equity interest in Akron Corporate Finance Limited ("**Akron**", which engages in Type 6 regulated activity, i.e. advising on corporate finance, under the SFO) at a consideration of HK$6 million, which was satisfied by allotting and issuing 6,000,000 new shares in the Company to the vendor in October 2020, after successfully getting approval from the Securities and Futures Commission for the Group to become Akron's substantial shareholder. The Group's business network has facilitated Akron to develop its business. From the completion of the acquisition till the end of the Year, Akron contributed revenue of HK$4.7 million to the Group (2019: Nil).

This segment recorded segment revenue of HK$118.0 million (2019: HK$1.5 million) and achieved a segment profit of HK$99.9 million (2019: a loss of HK$1.0 million) and has become the most profitable core business of the Group.

(2) Credit and lending services — operations under MLO licences

The Group conducts its money lending business with two money lender licences held by the Group under the Money Lenders Ordinance (the "**MLO**", Chapter 163 of the laws of Hong Kong). The segment revenue increased from HK$14.1 million last year to HK$26.9 million with more loans granted by the Group to a broader base of clients in this segment, as reflected by the increase in the gross balance of loan and interest receivables from HK$94.9 million as at 31 December 2019 to HK$319.1 million as at the Year end. The segment profit increased to HK$21.7 million (2019: HK$8.4 million).

(3) Other financial services

To open up a new business line in financial services, the Group also acquired the entire equity interest in Briscoe Wong Advisory Limited in October 2020. Briscoe Wong Advisory Limited has carried on the business of providing corporate advisory related services in Hong Kong. By utilising the Group's integrated platform in financial services and the goodwill of being a member of a listed group, Briscoe Wong Advisory Limited has striven to expand its business. From the completion of the said acquisition till the end of the Year, this segment recorded segment revenue of HK$16.8 million (2019: Nil) and achieved a segment profit of HK$7.0 million (2019: Nil).

(4) Property investment and leasing

To contain the negative impacts on local property prices arising from the COVID-19 pandemic and to focus on the development of the financial services business, the Group disposed of 4 residential units and 3 industrial units by selling certain property holding companies in May 2020. The total valuation of these properties was HK$136.4 million by that time (after deducting the fair value losses of HK$8.1 million recorded before the disposal) while the net asset value of the relevant property holding companies at the time of disposal was HK$12.9 million after netting off loans and debts repayable to independent third parties. The relevant property holding companies were sold for a cash consideration of HK$20 million, resulting in a gain of HK$7.1 million which recovered most of the aforesaid fair value losses.

Management Discussion and Analysis

In July 2020, the Group through a subsidiary acquired a property holding company holding a commercial property in Wanchai by issuing new shares in that subsidiary to the vendor so that the subsidiary has changed from a wholly-owned subsidiary to a non-wholly owned subsidiary. This arrangement was devised by the Group to diversify its property portfolio without incurring capital expenditure.

To alleviate the impact of COVID-19 on our community, the Group exercised its social responsibility by granting a temporary rent concession to tenants whose business was seriously affected by the pandemic.

Overall speaking, this segment during the Year recorded segment revenue of HK$9.5 million (2019: HK$12.3 million). There was a segment loss of HK$21.3 million (2019: HK$4.7 million), mainly due to fair value losses on investment properties in the sum of HK$24.6 million for the year (2019: HK$6.3 million). As at 31 December 2020, the Group held 3 commercial properties in Hong Kong for leasing to independent third party tenants for rental income with a total fair value at HK$358.2 million.

(5) Tactical and strategic investment

The Directors are aware of the amended Listing Rules effective since 1 October 2019: "Under Rule 13.24(1) of the Listing Rules, *an issuer shall carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the issuer's securities. Under Rule 13.24(2), proprietary trading and/or investment in securities by an issuer and its subsidiaries (other than an issuer which is an investment company listed under Chapter 21) are normally excluded when considering whether the issuer can meet rule 13.24 (1).*"

In view of the above amended Listing Rule requirement, the Board has formulated a business strategy to allocate more financial resources to develop the financial services business. Hence, the Group has deliberately scaled down the resources put in this business segment since the second half of 2019. Apart from selling part of financial assets at fair value through profit or loss ("**FVPL**") through securities brokers during the Year, a subsidiary holding part of such financial assets transferred shares to an independent third party investor in December 2020, resulting in the Group's equity interest therein decreasing from 100% to 40% and has since become an associate of the Group. Consequently, the Group divested most of its portfolio of financial assets at FVPL during the Year.

Having implemented the divestment strategy, the sum of financial assets at FVPL and debt investments at amortised cost under this segment was HK$36.0 million as at 31 December 2020, as compared to HK$545.4 million as at 31 December 2019. Due to the scaling down of this segment coupled with the depressed stock market conditions during the Year caused by the COVID-19 pandemic, segment revenue dropped from HK$27.5 million last year to HK$22.3 million during the Year. There was a segment loss of HK$34.8 million during the Year as compared to a segment profit of HK$24.4 million during last year, mainly due to the decline in prices of financial assets at FVPL held by the Group during the Year.

The Group's strategy in allocating resources from investment segment to develop financial services segment has proven to be successful as the segment profit of financial services during the Year overwhelmed the loss in investment segment.

Management Discussion and Analysis

OUTLOOK AND STRATEGY

Going forward, the Group will continue to develop the core business into a more integrated financial services business. The Group is in the process of applying for licences to carry on Type 7 (providing automated trading services) and Type 8 (securities margin financing) regulated activities under the SFO. Moreover, the Group is preparing an application to the Securities and Futures Commission for approving Akron to act as sponsor to conduct initial public offering sponsorship business under the SFO. A more comprehensive profile of licences under the SFO is expected to create synergy effect favourable to the Group's development of an integrated financial services business and to grasp the opportunities in the capital market when the COVID-19 pandemic is brought under control with the vaccination programs has recently been launched in Hong Kong and other countries.

The widely expected economic recovery worldwide in the coming year will refill vitality in the local financial market and property market. The Board envisages higher demand for various financial services in Hong Kong including securities brokerage services, margin loan financing, wealth management services and other credit and lending services. The Group has established a viable and sustainable operation in providing aforementioned financial services to clients and is poised to expand its clientele. The Group's property investment and leasing segment will continue to generate a stable income. The Group's business outlook is optimistic and the Board expects the Group's overall business to pursue growth in revenue and profitability in the year 2021.

FINANCIAL REVIEW

Revenue

The revenue of the Group was approximately HK$176.8 million for the Year, representing an increase of HK$171.0 million or almost 29 times from the last corresponding year. Taking account of other income and gains, the total segment revenue of the Group was approximately HK$193.5 million for the Year, representing an increase of HK$138.1 million from the last corresponding year. The increase in revenue and segment revenue was a result of the Group's successful development of its financial services business.

Other Comprehensive Income

The Group recorded no other comprehensive income for the Year (2019: Nil).

Net Asset Value

As at 31 December 2020, the consolidated net asset value of the Group was HK$1,843.7 million (2019: HK$1,776.7 million). The consolidated net asset value per share of the Group was HK$1.96 (2019: HK$1.91, adjusted due to the Company's share consolidation effected on 12 May 2020). The Group's total assets and total liabilities were HK$2,309.1 million (2019: HK$2,040.5 million) and HK$465.4 million (2019: HK$263.8 million) respectively.

Management Discussion and Analysis

Capital Structure

On 12 May 2020, the Company effected a share consolidation whereby every 10 shares in the Company by that time were consolidated into one consolidated share in order to: (1) make the consolidated shares in the Company more attractive to institutional and professional investors who may avoid investing in securities with trading price of HK$0.5 or less; and (2) reduce the overall transaction and handling costs of dealings in the shares in the Company so as to attract more investors.

On 1 June 2020, the Company issued 3,000,000 awarded shares to an employee under the Company's share award scheme.

On 30 October 2020, the Company issued 6,000,000 new shares as the consideration for completing the acquisition of the entire equity interest in Akron Corporate Finance Limited. Since then, the Company has 939,527,675 shares in issue.

The Group's capital expenditure and investments were mainly funded from cash on hand, internally-generated funds and bank borrowings. Cash is generally placed in short-term deposits mostly denominated in U.S. dollars and Hong Kong dollars. The Group does not use any financial instruments for hedging purpose.

Liquidity and Financial Resources

The Group's cash and cash equivalents, being mainly denominated in Hong Kong dollars, was HK$430.2 million as at 31 December 2020 (2019: HK$276.7 million). The cash and cash equivalents and the financial assets at FVPL in aggregate were HK$458.1 million as at 31 December 2020 (2019: HK$782.3 million). The liquidity of the Group was very strong with a current ratio of 3.3 as at 31 December 2020 (2019: 4.7).

The Group had bank borrowing in the sum of HK$275.7 million as at 31 December 2020 (2019: HK$186.9 million). The Group did not have any available short-term revolving banking facilities as at 31 December 2020 (2019: Nil).

Exposure to Fluctuation in Exchange Rates and Related Hedges

As the Group's major source of income, expenses, major assets and bank deposits were denominated in Hong Kong dollars and U.S. dollars, the Group's exposure to fluctuation in foreign exchange rates was minimal due to the pegged exchange rate. The Group did not have any related hedging instruments.

Gearing Ratio

As at 31 December 2020, the gearing ratio of the Group, as measured by dividing the net debt to Shareholders' equity, was 1% (2019: inapplicable as the net debt was negative when cash and cash equivalents could entirely cover the total debt). Net debt was calculated as bank borrowings plus other payables and accruals, net of cash and cash equivalents.

Management Discussion and Analysis

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2020 (2019: Nil).

Charges on Group Assets

As at 31 December 2020, the Group pledged its investment properties with an aggregate carrying value of approximately HK$303.2 million as security for general banking facilities granted to the Group (2019: HK$313.2 million).

Significant Investments

During the year under review, the Group divested its investments in financial assets at FVPL. Hence, the carrying value of the Group's portfolio of financial assets at FVPL reduced to HK$27.9 million as at 31 December 2020 (2019: HK$505.6 million). At the year end, the Group held only one investment in a listed company in the portfolio of financial assets at FVPL, which is not considered as a significant investment held by the Group as its value was less than 5% of the Group's total assets as at 31 December 2020.

After the Group's disposal of 60% equity interest in a subsidiary, namely Green River Associates Limited ("Green River Marshall") incorporated in Marshall Islands during the Year, Green River Marshall then became an associate of the Group. As at 31 December 2020, the carrying amount of investment in 40% equity interest in Green River Marshall amounted to HK$181,366,000, which represented approximately 7.58% to the Group's total assets. With the expected economic recovery in the coming year, Green River Marshall's business of securities investment appears to have positive prospects. Further details of Green River Marshall are set out in notes 19 and 34(c) of the Notes to the Consolidated Financial Statements.

Save as disclosed above and elsewhere in this annual report, there was no other significant investment held, nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the year under review. There was no present plan authorised by the Board for material investments or acquisition of material capital assets as at the date of this report.

Significant Events since the End of the Reporting Period

On 9 March 2021, Maxlord Enterprises Limited ("**Maxlord**", one of the two indirect subsidiaries of the Company carrying on credit and lending services) allotted and issued 10,000 new shares (the "**Subscription Shares**") to an independent third party subscriber at a consideration of HK$100,000,000 in order to have more cash for the development of credit and lending services. Since then, the Group's equity interest in Maxlord has reduced from 100% to approximately 66.7%.

Besides, the subscriber has been granted an option to further subscribe 10,000 option shares (the "**Option Shares**") at the subscription price of HK$100,000,000 (the "**Option**"). The Option Shares, if the Option is exercised, together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares. In such event when the Group's equity interest in Maxlord decreasing to 50%, Maxlord will then change from a subsidiary to a joint venture of the Group.

There were no other significant events affecting the Group since the end of the reporting period.

Management Discussion and Analysis

OTHER INFORMATION

Human Resources Practices

The Group's remuneration policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered.

There were 48 work forces (inclusive of all the directors of the Company) working for the Group as at 31 December 2020. The Group also provides other staff benefits including mandatory provident fund, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme and a discretionary share award scheme to motivate employees' performance and loyalty.

APPRECIATION

The Board would like to take this opportunity to extend our gratitude and sincere appreciation to the management team and all staff for their diligence and dedication throughout the Year.

By order of the Board
Planetree International Development Limited
Man Wai Chuen
Executive Director

Hong Kong, 19 March 2021

Corporate Governance Report

The Board is committed to an ongoing enhancement of effective and efficient corporate governance practices. The Board recognises that good corporate governance practices are essential in bringing up the success of the Company, upholding accountability and transparency, and balancing the interests of shareholders, investors and employees of the Company as a whole.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving and maintaining high standards of corporate governance practice. Throughout the year ended 31 December 2020, the Company complied with all code provisions of Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange, except for deviation from code provisions A.2 and A.5.1. For code provision A.2, the position of "chairman" being left vacant before appointing Dr. Leung Wing Cheung, William as the executive chairman of the Board from 2 June 2020 and the position of "chief executive officer" of the has not been formally filled while Ms. Cheung Ka Yee has effectively served such a role. For code provision A.5.1, Mr. Kwong Kai Sing, Benny remained as the chairman of the Nomination Committee of the Company during the year upon his cessation as the acting chairman of the Company on 2 June 2020 as the Board considered his good business network would make him a suitable candidate to continue chairing the Nomination Committee.

The Company will continually review its corporate governance framework to ensure best corporate governance practices. Save as disclosed above, there were no significant changes in the Company's corporate governance practice or from the information disclosed in the Corporate Governance Report in the latest published annual report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors and relevant employees. Following specific enquiry by the Company, each Director confirmed that throughout the year ended 31 December 2020, they have complied with the required standards set out in the Model Code.

DIRECTORS' INTERESTS

The interests and short positions of Directors of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as at 31 December 2020 and as 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 were contained in the section headed "Directors' and Chief Executive's Interests" of the annual report.

STRATEGIC PLANNING

The corporate strategy of the Group focuses on the development of the financial services business for long-term growth. In addition, the Group aims to strike a balance between maintaining a sound financial and management capabilities and enhancing the shareholder's return.

CORPORATE GOVERNANCE REPORT

THE BOARD

A. Board Composition

The Company is headed by an effective Board which is responsible for promoting the success of the Company, and balancing the long-term interest of shareholders and stakeholders. At the date of this report, the Board are comprises eight Directors, among whom five are executive Directors and three independent non-executive Directors ("**INEDs**"). One-third of the Board consists of INEDs which complied with Rule 3.10 and 3.10A of the Listing Rules. Such balanced composition of executive and non-executive Directors ensures a strong independent element on the Board, and provides adequate check and balance to safeguard the interest of shareholders and the Company as a whole. Members of the Board come from different backgrounds and possess diverse range of professional expertise and experience, collectively have balance of skill, competence and personal qualities relevant to the business of the Group and therefore discharge the responsibilities efficiently and effectively. They are experienced personnel with academic or professional qualifications either in accounting, legal or business management and at least one of whom has appropriate professional qualification of accounting or related financial management expertise.

At a meeting held on 19 March 2021, the Nomination Committee reviewed the Board composition and resolved that the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board was appropriate and thereby achieving the measurable objectives of the Board Diversity Policy and complied with the Listing Rules. Save as disclosed herein, none of the Directors have any relationship (including financial, business, family or other material/relevant relationship) between each other. The list of Directors and their biographical details are set out in the section headed "Profiles of Directors and Senior Management" of this annual report.

The following chart illustrates the current Board composition including Board Committees:

Board of Directors

Executive Directors	**Independent Non-Executive Directors**
Leung Wing Cheung, William Lam Hiu Lo Liang Kang Cheung Ka Yee Man Wai Chuen	Chan Sze Hung Zhang Shuang Chung Kwok Pan Liu Yan

Audit Committee	**Nomination Committee**	**Remuneration Committee**
Liu Yan *(Chairman)* Chan Sze Hung Chung Kwok Pan	Cheung Ka Yee *(Chairman)* Chung Kwok Pan Liu Yan	Liu Yan *(Chairman)* Cheung Ka Yee Chung Kwok Pan

B. Board Delegation

The Board steers the Company's business direction. The executive Directors undertake full accountability to the Board for day-to-day management and operation of the Group. Directions as to the powers delegated to management are clearly identified. The Board shall review the delegation arrangement periodically to ensure it remains appropriate to the Company's need.

The Board has reserved the following functions to the Board. Or, prior approval from the Board is required if the management is dealing with the following functions:

1. To formulate long-term corporate strategy and business development plans;

2. To declare an interim dividend, a final dividend or to declare or recommend other distribution;

3. To supervise and monitor performance of management;

4. To review the effectiveness of the risk management and internal control systems of the Group;

5. To be responsible for the appointment, removal or re-appointment of Directors, senior management and external auditors, and determine the remuneration of Directors and senior management based on the recommendations of the Remuneration Committee; and

6. To recommend members of the Company for winding up of the Company.

C. Board Committees

The Board delegated authorities to three Board committees to deal with matters, and specific written terms of reference were clearly set out to enable them to perform their functions properly. Board committees are required, unless restricted by laws and regulations, to report to the Board on their decisions or recommendations on a regular basis.

1. Audit Committee

Detailed information on the works and duties of the Audit Committee is contained in the Report of the Audit Committee in this annual report.

2. Nomination Committee

Members of the Nomination Committee during the year and up to the date of this report were:

Ms. Cheung Ka Yee *(Chairman, appointed on 17 February 2021)*
Mr. Chung Kwok Pan *(appointed on 1 April 2020)*
Ms. Liu Yan *(appointed on 1 December 2020)*
Mr. Kwong Kai Sing, Benny *(ex-Chairman during the year, resigned on 17 February 2021)*
Mr. Ha Kee Choy, Eugene *(resigned on 1 December 2020)*

The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice at the Company's expense if considered necessary. The major roles and functions of the Nomination Committee are set out in its terms of reference which are published on websites of the Company and the Stock Exchange.

Corporate Governance Report

On 26 August 2013, the Company adopted the Board Diversity Policy which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019, which aims to set out the approach to achieve diversity on the Board. The Nomination Committee is responsible for monitoring the implementation and recommending any revisions that may be required to ensure effectiveness of the Policy. In addition, the Nomination Committee will discuss, review and agree annually on measurable objectives for implementing diversity on the Board. Moreover, the Board has adopted the Director Nomination Policy on 13 March 2014 which was then amended by the resolutions of the Board on 30 November 2018 to take effect on 1 January 2019. The Board will review these policies periodically to keep it up to date and in compliance with the Listing Rules, all applicable laws and regulatory obligations and requirements.

At a meeting of the Nomination Committee held on 19 March 2021, the following matters were discussed, reviewed and approved:

2.1 the structure, size, composition and diversity of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

2.2 to assess the independence of INEDs by reference to the independent criteria set out in Rule 3.13 of the Listing Rules; and

2.3 the Director Nomination Policy and the Board Diversity Policy and their implementation.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background or skills.

Attendance of individual Directors at the meeting of the Nomination Committee is set out in the section headed “Directors’ Attendance and Time Commitment”.

3. *Remuneration Committee*

Members of the Remuneration Committee during the year and up to the date of this report were:

Ms. Liu Yan *(Chairman, appointed on 1 December 2020)*
Ms. Cheung Ka Yee
Mr. Chung Kwok Pan *(appointed on 1 April 2020)*
Mr. Kwong Kai Sing, Benny *(resigned on 1 April 2020)*
Mr. Ha Kee Choy, Eugene *(ex-Chairman, resigned on 1 December 2020)*

The company secretary of the Company serves as the secretary of the Remuneration Committee and minutes of the meetings have been sent to members within a reasonable time after the meetings. The major roles and functions of the Remuneration Committee are set out in its terms of reference which are published on the websites of the Company and the Stock Exchange.

In dealing with remuneration packages of Directors, no member of the Remuneration Committee was involved in deciding his/her own remuneration packages. The Board reviews the Remuneration Policy annually to ensure remuneration packages offered by the Company remains fair and competitive based on business needs and industry practice to attract and retain Directors to run the Company successfully without paying more than necessary. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest level as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Group, time commitment and responsibilities undertaken will all be considered. The Remuneration Committee considered the remuneration proposals of executive Directors, and taking into consideration other relevant factors including corporate goals and objectives of the Company in recommending remuneration of Directors. The Company has provided sufficient resources for them to perform duties and they may access to professional advice if considered necessary.

At a meeting of the Remuneration Committee held on 19 March 2021, the following matters were discussed, reviewed and approved:

3.1 2021 Remuneration Policy of the Group;

3.2 management's remuneration proposal with reference to the Company's corporate goals and objectives;

3.3 to make recommendation to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and compensation payable for loss or termination of their office or appointment (if any); and

3.4 to make recommendation to the Board on the remuneration of non-executive Directors.

Attendance of individual Directors at the meeting of the Remuneration Committee is set out in the section headed "Directors' Attendance and Time Commitment". Information relating to the remuneration of each Director for 2020 is set out in note 11 of the Notes to the Consolidated Financial Statements.

4. Corporate Governance Functions

The Board does not have a Corporate Governance Committee. However, the Corporate Governance functions as set out in Code Provision D.3.1 of the Corporate Governance Code are performed by the Board. On 19 March 2021, the Board has conducted a meeting to transact the following corporate governance matters:

4.1 to review the Company's policies and practices on corporate governance;

4.2 to review the training and continuous professional development of Directors and senior management;

4.3 to review the Company's policies and practices in compliance with legal and regulatory requirements;

4.4 to review the Code of Conduct; and

4.5 to review the Company's compliance with the Corporate Governance Code and applicable disclosure in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

D. Directors' Attendance and Time Commitment

The members of the Board meet regularly to review and discuss the overall strategy, operational and financial performance of the Company. Normally four regular meetings of the full Board will be held at quarterly intervals and special ad hoc Board meetings will be convened when necessary to deal with everyday matters which require the Board's prompt decision. In addition, the Company has established various Board committees under the Board and members of the committees have met at least annually to conduct business of the committees. All Directors are experienced personnel with academic or professional qualifications either in accounting, legal or business management, and who have given the Board and Board committees the benefits of their skills, expertise, backgrounds and qualifications through regular attendance and active participation. All Directors have attended the general meetings and have developed a balanced understanding of the views of Shareholders in general.

During the year of 2020, the attendance record of Directors at Board meetings, Board committee meetings and general meetings are set out hereunder:

	Number of meetings attended/held				
	Board Meetings	**Audit Committee Meetings**	**Remuneration Committee Meetings**	**Nomination Committee Meetings**	**General Meetings**
Number of meetings held	31	3	10	8	4
Executive Directors					
Leung Wing Cheung, William *(appointed on 2 June 2020)*	12/13	N/A	N/A	N/A	2/2
Lam Hiu Lo	25/31	N/A	N/A	N/A	4/4
Liang Kang	23/31	N/A	N/A	N/A	4/4
Cheung Ka Yee	31/31	N/A	10/10	N/A	4/4
Wong Sheun Fun, Estella *(appointed on 1 July 2020 and resigned on 1 March 2021)*	9/11	N/A	N/A	N/A	1/1
Man Wai Chuen *(appointed on 1 June 2020)*	14/14	N/A	N/A	N/A	2/2
Non-Executive Directors					
Kwong Kai Sing, Benny *(re-designated from Independent Non-Executive Director to Non-Executive Director on 1 April 2020 and resigned on 17 February 2021)*	31/31	2/2	3/3	8/8	4/4
Independent Non-Executive Directors					
Chan Sze Hung	28/31	3/3	N/A	N/A	4/4
Zhang Shuang *(appointed on 1 April 2020)*	21/22	N/A	N/A	N/A	4/4
Chung Kwok Pan *(appointed on 1 April 2020)*	15/22	1/1	4/7	1/5	2/4
Liu Yan *(appointed on 1 November 2020)*	1/3	N/A	N/A	N/A	N/A
Directors resigned during the reporting period					
Tsang Wing Man *(resigned on 1 June 2020)*	17/17	N/A	N/A	3/3	2/2
Wong Hung Wai *(appointed 6 March 2020 and resigned on 21 July 2020)*	14/16	N/A	N/A	N/A	4/4
Ha Kee Choy, Eugene *(resigned on 1 December 2020)*	26/30	3/3	10/10	8/8	4/4

Each Director is aware of his/her obligation to give sufficient time and attention to the affairs of the Company and should not accept the appointment if he/she cannot do so. Upon reviewing (i) the attendance rates of each Director in general meetings, Board meetings and their respective board committee meetings; (ii) written confirmation of Directors regarding the number and nature of offices held in public companies or organisations and other significant commitments pursuant to code provision A.6.6; and (iii) written confirmation of Directors to give sufficient time and attention to the affairs of the Company throughout the terms of their appointments, the Board is of the view that all Directors have spent sufficient time in performing their responsibilities during the year under review.

E. Induction and Continuous Professional Development of Directors

Every Director is required to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Company. In-house briefings on regulatory updates and relevant continuous professional development seminars have been provided at the Company's expenses. Every newly appointed Director had received a comprehensive, formal and tailored induction on the first occasion of his/her appointment, and subsequently further briefings and continuous professional development will be arranged if necessary, to ensure each Director has a proper understanding of the Company's operation and business and that he is fully aware of his/her responsibilities under statute and common law, the Listing Rules and all other applicable regulations and governance.

The Company acknowledges that Directors' training is an ongoing process. During the year under review, all Directors had been updated on the latest developments of the Listing Rules, Companies Ordinance or other applicable laws and regulations related to Directors' duties and responsibilities. In addition, the Company Secretarial Department has arranged training courses and encouraged Directors to attend courses at the Company's expenses. Directors have provided records of training to the Company Secretarial Department. All Directors confirmed that they have complied with code provision A.6.5 to the Listing Rules by attending various continuous professional development seminars held by external professional firms, in-house briefings or reading materials relevant to Directors' duties and responsibilities.

F. Supply of and Access to Information

The management has supplied the Board and Board Committees with adequate information in a timely manner to enable the Board to make informed decisions and to perform their duties and responsibilities as Director of the Company.

Generally, notice of Board meetings together with the proposed agenda are given to all Directors at least 14 days before each regular Board meeting and Directors are given an opportunity to include matters they wish to discuss in the agenda. Agendas and accompanying Board papers are provided to Directors at least 3 days before the intended date of a board or board committee meetings.

Minutes of the Board/Board Committee meetings with details of matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed, after circulation for comments by Directors, are kept by the company secretary or a duly appointed secretary of the relevant meeting and are open for inspection by Directors if necessary.

Corporate Governance Report

All Directors have access to the advices and services of the company secretary to ensure necessary Board procedures and all applicable rules and regulations are followed. All Directors are regularly updated on governance and regulatory matters. Directors, upon reasonable request, may have access to independent professional advice in appropriate circumstances at the Company's expenses.

The Company has arranged appropriate insurance cover in respect of legal action against Directors.

The Board is fully aware that, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will not be dealt with by way of written resolution or by a committee (except for an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting will be held. INEDs who, and whose associates, have no material interest in the transaction will be present at such Board meeting.

ACCOUNTABILITY AND AUDIT

A. Directors' Responsibility for Financial Reporting

The Directors acknowledge the responsibility for preparing the accounts of the Group and to present a balanced, clear and understandable assessment in the Company's annual and interim reports and other financial disclosures in accordance with the Listing Rules and other statutory requirements and applicable accounting standards, so as to give a true and fair view of the state of affairs of the Company. As at 31 December 2020, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. The Directors also ensure the timely publication of the financial statements of the Group. During the year, in strict compliance with relevant provisions, the Company published the 2020 interim report and the 2019 annual report.

Management undertakes to provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before the Board for approval. In addition, management provides all members of the Board with monthly financial updates which give a balanced and understandable assessment of the Group's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

In preparing the financial statements for the year ended 31 December 2020, the Board:

1. adopted Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

2. selected suitable accounting policies and applied them consistently;

3. made prudent and reasonable judgments and estimates; and

4. prepared the accounts on a going concern basis.

B. External Auditors and their Remuneration

Ernst & Young resigned as the auditors of the Company with effect from 6 December 2019 and Mazars CPA Limited was appointed as the auditors of the Company on 31 December 2019 to fill the casual vacancy so arising. There has been no other change in auditors of the Company in the past three years. The auditor's acknowledgment of reporting responsibilities is set out in the Independent Auditor's Report of the annual report. The independence of auditors is monitored by the Audit Committee and disclosed in the Report of the Audit Committee. Apart from providing audit services to the Group on annual consolidated financial statements, the auditors also provided non-audit services such as tax compliance services and services relating to the preparation of a major transaction circular, all appointments are in line with the Company's Policy on Use of External Auditors for Non-audit Services.

During the year under review, the remuneration paid/payable for services to the external auditors is as follows:

Services rendered	**Fees paid/ payable** *(HK$)*
Audit fee	1,496,000
Non-audit fees *(Note)*	919,000
Total	2,415,000

Note: Non-audit fees include fees of HK$190,000 and HK$729,000 for tax compliance services and services relating to the interim financial reports, respectively.

C. Risk Management & Internal Control Systems

The Board acknowledges the responsibility of establishing, maintaining and operating a sound and effective risk management and internal control systems, and reviews its effectiveness periodically. An annual review on the effectiveness of the Group's risk management and internal control systems has been conducted by the Board and reviewed by the Audit Committee. The Board is of the view that, the risk management and internal control systems of the Group for the year under review is sound and effective. Detailed information on the Group's risk management and internal control systems was contained in the Report of the Risk Management & Internal Control Systems of the annual report.

COMPANY SECRETARY

For the year 2020, the Company appointed Ms. Yuen Yu Hung (an employee of the Company) to replace Mr. Yeung Chi Lung (from another external secretarial services provider) as its company secretary with effect from 31 January 2020.

During the year ended 31 December 2020, Ms. Yuen Yu Hung took no less than 15 hours of relevant professional trainings.

Since 23 January 2021, Mr. Man Wai Chuen (also an executive director of the Company) has replaced Ms. Yuen Yu Hung as the company secretary of the Company.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Set out hereunder is a summary of Shareholders' rights as required to be disclosed pursuant to Code Provision O of the Corporate Governance Code, which are subject to the Bye-Laws, Companies Act 1981 of Bermuda and applicable legislation and regulation.

Every year, an annual general meeting will be held by the Company. Further, the Board may whenever it thinks fit call general meetings known as special general meetings.

Shareholders who wish to convene a special general meeting or put forward proposals at any general meeting, including the proposal to nominate a person for election as a Director, should follow the applicable procedures described below.

Procedures to Convene a Special General Meeting

1. Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company, to require a special general meeting to be called by the Board for transaction of any business specified in such requisition.

2. The requisition must state the purposes of such meeting, and must be signed by the requisitionists and deposited at the Company's registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda (the "Registered Office"), and may consist of several documents in like form each signed by one or more requisitionists. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's principal place of business in Hong Kong at 8/F., China United Centre, 28 Marble Road, North Point, Hong Kong (the "Principal Place of Business"), marked for the attention of the Board or the company secretary.

3. If Directors do not within twenty-one (21) days from the date of deposit of requisition proceed duly to convene a special general meeting to be held within two (2) months after the deposit of the requisition, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting and be repaid by the Company for any reasonable expenses incurred, provided that any meeting so convened by the requisitionists shall not be held after the expiration of three (3) months from the said date of deposit of the requisition.

4. Other than an adjourned meeting,

   4.1 a special general meeting at which the passing of a special resolution is to be considered shall be called by at least twenty-one (21) clear days and not less than ten (10) clear business days written notice. All other special general meetings may be called by at least fourteen (14) clear days and not less than ten (10) clear business days written notice.

   4.2 any special general meeting may be called by shorter notice than that specified in sub-paragraph 4.1 above if it is so agreed by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the shares giving that right.

Corporate Governance Report

Procedures to Put Forward Proposals at General Meetings

1. Any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meetings of the Company; or not less than one hundred (100) Shareholders, shall (unless otherwise resolved by the Company) at their own expense have the right, by written requisition to the Company: (a) to require notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting to be given to Shareholders; and/or (b) to request for circulation to Shareholders any statement of not more than one thousand (1000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

2. The requisition must be signed by the requisitionists in a single document or in separate copies prepared for the purpose. A copy of the signed requisition, accompanied by a sum reasonably sufficient to meet the Company's expenses, must be deposited at the Company's Registered Office: (a) in the case of a requisition requiring notice of a resolution, not less than six (6) weeks before the annual general meeting unless an annual general meeting is called for a date six (6) weeks or less after the copy has been deposited, in which case the copy shall be deemed to have been properly deposited though not deposited within the time required; and (b) in the case of any other requisition, not less than one (1) week before the general meeting. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition may also be deposited at the Company's Principal Place of Business in Hong Kong, marked for the attention of the Board or the company secretary.

Procedures to Propose a Person for Election as a Director

Detailed information and procedures for Shareholders to propose a person for election as a Director are set out in the Company's website www.planetreeintl.com.

DIVIDEND POLICY

The Board adopted the Dividend Policy on 30 November 2018 to take effect as from 1 January 2019. The Dividend Policy aims to maximize interests of Shareholders and at the same time, maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future.

Pursuant to the Dividend Policy, dividends proposed or declared, recommended or not recommended, the form, frequency and dividend amount are to be determined by the Board by taking into account various factors including the followings:

1. Any restrictions or requirements under Companies Act 1981 of Bermuda, other applicable laws and regulations and the bye-laws of the Company;

2. The liquidity, cash flow and general financial position of the Group;

3. The current and future commitments, business strategy, capital needs forecast and capital structure target of the Group for the current and future development plans;

4. Any banking or other funding covenants by which the Group is bound from time to time; and

5. Any other factors the Board may deem appropriate and/or relevant.

The Dividend Policy will be reviewed periodically to keep it up to date and in compliance with applicable laws, rules and regulations.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communications with Shareholders and the investment community, and the value of providing current and relevant information in a timely and appropriate manner. The Board has formulated the Shareholder Communication Policy, aiming to ensure Shareholders and investment community are provided with ready, equal and timely access to current and relevant information of the Company, in order to enable the Shareholders to have a better understanding on the financial and business operation of the Company, as well as to exercise their rights in a timely and informed manner. In addition, the Board has adopted the Inside Information Policy which sets out a guideline for identifying, assessing and broadly disseminating inside information of the Group to the public in a timely and equal manner in accordance with the Listing Rules, laws and regulations applicable to the Company. In compliance with Code Provision E.1.5 of the Corporate Governance, the Board adopted the Dividend Policy which aims to maximize interests of Shareholders and at the same time, maintains a strong balance sheet for investment opportunities and sustainable development of the Group in the future. The Board will review these policies regularly to ensure their effectiveness.

The Board endeavors to maintain an on-going dialogue with Shareholders, general meetings of the Company provide the best opportunity for communication between the Board and Shareholders. Shareholders are encouraged to participate in general meetings or, if they are unable to attend meetings, to appoint proxies to attend and vote at the meetings on their behalf. At the annual general meeting held on 26 June 2020, a separate resolution was proposed by the chairman in respect of each substantially separate issue. The Company complied with the required notice periods for general meetings under the applicable laws, rules and regulations. The chairman of the Board, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee, and representative from the external auditors attended the 2020 annual general meeting to answer questions of Shareholders. Poll voting has been used for passing all resolutions at annual general meetings since 29 April 2005. Details of the poll voting procedures are clearly explained at the commencement of the meetings. The poll results are posted on the websites of the Company and the Stock Exchange on the same day of the poll.

In addition, information may also be communicated to Shareholders and the investment community through the following methods:

1. periodic disclosure through financial reports of the Company, including but not limited to interim and annual reports, financial statements, results announcement etc;

2. disclosure of information through circulars, announcements, notice of meetings and any other special notices whenever and wherever necessary in accordance with the Listing Rules;

3. the Company's website at http://www.planetreeintl.com and the Stock Exchange's website at www.hkex.com.hk; and

4. Shareholders may put enquires to the Board by sending letters to the Company's Principal Place of Business.

INVESTOR RELATIONS

There were no significant changes in the Company's constitutional documents during the year.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions are provided under note 36 of the Notes to the Consolidated Financial Statements.

Report of the Audit Committee

AUDIT COMMITTEE

Members of the Audit Committee during the year and up to the date of this report were:

Ms. Liu Yan *(Chairman, appointed on 1 December 2020)*
Mr. Chan Sze Hung
Mr. Chung Kwok Pan *(appointed on 1 April 2020)*
Mr. Ha Kee Choy, Eugene *(ex-Chairman, resigned on 1 December 2020)*
Mr. Kwong Kai Sing, Benny *(resigned on 1 April 2020)*

The composition of the Audit Committee comprises a majority of INEDs with diversified industry experience, such as accounting, legal, commercial or management sectors. The chairman has appropriate professional qualifications and experiences in accounting matters. The Audit Committee met regularly since its establishment and full minutes of the meeting of the Audit Committee were kept by the company secretary of the Company. Draft and final version of minutes of the Audit Committee meetings were sent to all members for comments and record within a reasonable time.

The Audit Committee is delegated by the Board to provide independent oversight of the Group's financial reporting process, relationship with external auditors, risk management and internal control systems of the Group. The Audit Committee held three meetings in 2020 and members' attendance records are disclosed in the section headed "Directors' Attendance and Time Commitment" of the Corporate Governance Report. The Audit Committee was effective in fulfilling its roles in 2020 and significant matters which were reviewed and discussed by the Audit Committee include the followings:

1. **Review of Financial Results**

   In the financial reporting process, the Audit Committee reviewed the respective work of management including the following:

   1.1 review and discuss with management the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 and recommend to the Board for approval;

   1.2 review and discuss with the management and external auditors the audited consolidated financial statements of the Group for the year ended 31 December 2020 and recommend to the Board for approval;

   1.3 review the 2020 interim report and 2020 annual report; and to consider any significant financial reporting judgments contained in them; and

   1.4 consider and discuss with management any significant or unusual items that may need to be reflected in the 2020 annual report and any matters that have been raised by the Company's staff responsible for accounting and financial reporting function, compliance officer or auditors (if any).

Report of the Audit Committee

2. **Review of Risk Management & Internal Control Systems**
The Audit Committee received from, and discussed with, management (i) Report on the effectiveness of the risk management of the Group; and (ii) Report on the effectiveness of the internal control system of the Group. The Audit committee has:

2.1 reviewed on the effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance control, and risk management functions. The annual review had, in particular, considered the adequacy of resources, staff qualifications and experience, training programmes and budgets of the Company's accounting and financial reporting function;

2.2 considered major investigation findings on risk management and internal control matters and management's response to these findings (if any);

2.3 reviewed the financial and accounting policies and practices of the Group; and

2.4 reviewed if any employees has raised concerns about any possible improprieties in financial reporting, internal control or other matters.

3. **Review the Independence of External Auditors**
The Audit Committee reviewed and considered the relationship of the external auditors in the following aspects:

3.1 to consider the terms of engagement of Mazars CPA Limited, the Company's external auditors;

3.2 to consider the independence and objectivity of external auditors by reference to the Letter of Independence issued by Mazars CPA Limited; and the effectiveness of the audit process in accordance with applicable standards;

3.3 to make recommendations to the Board on the re-appointment of the external auditors; and

3.4 to review the Policy on Engaging External Auditors to Supply Non-audit Services.

4. **Review of Internal Audit Function**
The Audit Committee reviewed the internal audit function of the Group and the scope of work performed by the internal audit function during the year including the followings aspects:

4.1 to review the internal control manual at corporate level to determine the main features of risk management and internal control systems;

4.2 to review strategies, policies, procedures and guidelines authorised by the Board from which operational activities and related internal controls are identified;

4.3 to meet with appropriate process owners/managers to identify business objectives, related risks and key controls for each process;

Report of the Audit Committee

4.4 to review relevant plan, budget and management reports for each process to understand how management monitors the effectiveness of internal controls;

4.5 to review financial, operational and administrative information, documents and records for each process to ascertain that the related transactions are properly reflected in the accounting books and records and related assets are safeguarded;

4.6 to walk through selected procedures and inspect related documents with responsible personnel; and

4.7 to review the co-ordination between the internal and external auditors, adequacy of resources, standing and effectiveness of the internal audit function.

Report of the Risk Management & Internal Control Systems

The Board is pleased to present the Report of the Risk Management & Internal Control Systems of the Group. The Board acknowledges the responsibility of establishing, maintaining and operating sound and effective risk management and internal control systems on an ongoing basis and to safeguard shareholders' investment and the Company's assets. The Audit Committee is delegated by the Board, with the assistance of the internal audit function, to oversee the Group's risk management framework and internal control systems and review their effectiveness periodically. The management is responsible for designing, implementing and monitoring of the Group's risk management framework and internal control systems, identifying and evaluating the Group's key existing and potential risks, and determining their respective control measures and/or mitigation strategies, so as to ensure the effectiveness of the risk management & internal control systems.

INTERNAL CONTROL SYSTEM

The Group's internal control system comprises a well-established organisational structure, comprehensive budgeting, reporting, policies and procedures, aiming to identify and manage, rather than eliminate risks that could adversely hinder the achievement of business objectives of the Company, provide reasonable, albeit not absolute, assurance against failure in operational system, material error, loss or fraud to the Company.

RISK MANAGEMENT

The Board considers that risk management and internal controls are closely related and typically embedded in the daily business operations of the Company. By reference to COSO's Enterprise Risk Management, the Board adopts the dual Top-down-Bottom-up Approach in designing risk management framework which is a process effected by the Board, the Audit Committee, internal audit function, management and all business units of the Company in applying strategy setting of the Company to identify potential risk that may affect the business performance of the Company, evaluate and manage the risk within the risk appetite of the Group, and to provide reasonable assurance regarding the achievement of the Company's objectives. Instead of a separate or standalone process, risk management is integrated into business processes of the Group, including strategic development, business planning, capital allocation, investment decisions, internal control and day-to-day operation of the Company.

INTERNAL AUDIT FUNCTION

At a meeting of the Board held on 3 December 2015, the Board approved the establishment of an internal audit function to assist the Audit Committee to review and evaluate the adequacy and effectiveness of the risk management and internal control systems of the Group and to manage the risks inherent in the achievement of business objective of the Company. Further details of the audit works together with the assessment of the risk management and internal control systems were contained in the section headed "Review of Internal Audit Function" on the Report of the Audit Committee.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Board adopted the Inside Information Policy in line with the "Inside Information" disclosure regime under the Securities and Future Ordinance which sets out the framework and guidelines to Directors, officers and all employees of the Group in dealing with, control and release of inside information of the Group, and to ensure that inside information can be promptly identified, assessed and broadly disseminated to the public in equal and timely manner in accordance with the Listing Rules, applicable laws and regulations.

REPORT OF THE RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

RISK MANAGEMENT FRAMEWORK

The following diagram highlights the risk management framework of the Group and their respective responsibilities:

Top-down Approach:

- Overseeing
- Definition of Risk
- Risk Identification
- Risk Evaluation
- Risk Monitoring, control measures and mitigation at corporate level

The Board

- Overall responsibility for maintaining sound and effective risk management and internal control systems;
- Oversee risk management framework and provide direction & strategic objectives;
- Determine risk profile & tolerance level of risk appetite; and
- Review the effectiveness of the risk management and internal control systems

The Audit Committee

- Assist the Board in overseeing the Group's risk management framework;
- Review the effectiveness of the risk management and internal control systems; and
- Review risk management report and breach of risk appetite (if any)

Management

- Design, implement & monitor of the Group's risk management framework;
- Formulate risk management strategy; and
- Assess emerging risk related to the Group's business & design respective control measures and mitigation strategies

Internal Audit

- Assist the Audit Committee in reviewing the effectiveness of the risk management & internal control systems

Business Units

- Risk identification, evaluation & mitigation performed across business units; and
- Risk management process & internal control practice across business operations and functional areas

Bottom-up Approach:

- Risk Identification
- Risk Evaluation
- Risk Monitoring, control measures and mitigation at departmental level

Report of the Risk Management & Internal Control Systems

The Board considers that the risk management framework of the Group shall encompass the following key processes:

1. **Definition of Risk**
The Company considered COSO'S Enterprise Risk Management Framework and defined risk as the possibility that the occurrence of an event may adversely affect the achievement of business objectives of the Company. Events can either have a negative or positive impact. An event with a positive impact represents an opportunity, whilst an event with a negative impact on the Company's business objective is identified as a risk, which may prevent value creation or erode the existing value of the Company. Risks include risk of loss resulting from failure of internal processes of the Company, or changes in economy or external environments such as changes in the investment market, in systems, in process, in competitor products etc.

2. **Risk Identification**
The Board understands that risk is an integral part of business, improvement in Company's performance and greater returns for investors are direct results of measured and successful risk-taking. The challenge is therefore identification of risks, selection of tolerable risk appetite based on business needs of the Company, and proper monitoring and management of risks so that risks can be reduced, transferred, avoided or understood. The risk objective of the Company is therefore managing risk instead of eliminating so as to provide reasonable, albeit not absolute assurance against material misstatement or loss of the Company.

   The process of risk identification will consider both internal and external factors which may adversely affect the achievement of the Company's objectives. The tools used in identifying risk are "Data Collection" and "Risk Control Self-Assessment" ("**RCSA**"), a process in which potential material risks are identified and recorded with their related controls. In applying RCSA, the Group used survey and expert judgment to obtain a thorough understanding of different risk categories arising from different possible sources of uncertainties in both external and internal environment associated with each of business units of the Group. Through discussions with management, opinions on the business and operational risks are then collected. Most of the potential risk factors will then be undergone an assessment and evaluation process in order to determine the key and critical factors to the Group. All the identifiable potential risks will then be identified and evaluated by: (i) relevance to the Group's businesses; (ii) likelihood of occurrence; and (iii) possible level of impact to the Group.

3. **Risk Evaluation**
Risk evaluation is the analysis of the existing and emerging risks to form the basis for the Company to determine appropriate actions or mitigation measures to manage risks. The principal activities of the Group include treasury management, property investment, property leasing and money lending business, which may all be influenced by various external and internal risk factors. The identifiable risks will then be evaluated by: (i) COSO evaluation check; and (ii) risk weighting.

   The Group uses "risk weighting" to represent the top five risks that may significantly affect the Group's businesses and take measures to determine appropriate actions to manage risk. The setting of "risk weighting" aligns with the tolerance level of risk appetite that the Group is willing to undertake in pursuit of its strategic and business objectives. The Group is willing to take reasonable risk only if it (i) fits the Group's business objectives and strategy; (ii) can be understood and managed; (iii) will not expose the Group to material financial loss or affect its ongoing financial viability; and (iv) will not breach of Listing Rules, laws and regulations applicable to the Group.

REPORT OF THE RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

TOP FIVE IDENTIFIABLE RISKS

The Group has categorised the following top five risks that the Group are currently facing and exposing:

Risk Factors	Risk Categories	Weighing	Arise From	Risk Control and Mitigation
FINANCIAL				
• Market Risk	• Equity & Debt price risk	Top 1	Tactical & Strategic Investment Business	- Control exposure amount
	• Interest rate risk			- Hold debt investments until maturity
	• Currency exchange risk • Commodity price risk			- Maintain a well-diversified portfolio of securities
	• Property price and rental price risk		Property Leasing Business	- Maintain a well-diversified portfolio of investment properties including a mix of commercial, industrial and residential properties
• Credit Risk	• Default of loan and interest payment or credit loss • Loan concentration • Impairment of collateral	Top 2	Credit & Lending Business	- Periodic credit review - Control credit exposure to avoid concentration risk of borrowers and debt issuers
	• Overdue & credit loss of rental payment		Property Leasing Business	- Maintain high quality diversified tenant base
COMPLIANCE				
• Regulatory Compliance Risk	• Bribery, corruption or money laundering • Criminal acts e.g. fraud	Top 3	Maintaining of bank account, purchasing of office supplies.	- Maintain full set of legal documents
	• Non-compliance with applicable laws, regulations or contractual obligation		Company Secretarial & Accounts Department	- Regular review on contracts - Seek internal or external legal advice - Regular Compliance review on Listing Rules, Ordinances and Accounting Standards updates
OPERATIONAL				
• Human Resources	• Potential negligence or willful misconduct • Conflict of interests • Low morale & Staff turnover • Fraud or forgery • Insider dealing of securities	Top 4	HR & all business activities	- Provide good working environment and attractive salaries - Promote employee ethics through Employee Handbook and Code of Conduct - Procedures for employees to raise concern on any irregularities, misstatement and frauds - Segregation of duties, authorities and powers
• Cyber Security	• Data entry errors • Client or Vendor disputes • Misuse information of the Company • Hardware or Software Failures	Top 5	Admin & IT	- Regular check and review - Review existing practices or processes regularly - Review on the effectiveness of risk management and internal control systems

Report of the Risk Management & Internal Control Systems

4. **Risk Monitoring, Control Measures & Mitigation**

The Company has the following risk monitoring, control measures and mitigation policies to monitor the Group's risk management and internal control systems:

4.1 The Company has documented the control processes in the Risk Management & Internal Control Manual ("**Manual**") which sets out all policies, procedures and guidelines for departments and employees to follow. In addition, the Company also adopted the "Procedure for Employees Raising Concerns about Possible Improprieties in Financial Reporting, Internal Control or other Matters" (the "**Procedures**") on 28 March 2012 so as to allow employees to raise concerns of impropriety to management or Audit Committee. The Company will review the Manual and the Procedures annually and periodically to modify policies and procedures if necessary so as to comply with the amendment of Listing Rules and/or other rules and regulations applicable to the Company;

4.2 The Company has established an effective and efficient reporting mechanism to anticipate, identify and report risk and material exposures to losses, and/or react to significant changes that may have a dramatic and pervasive effect on the Company or that may affect achievement of Company's objectives;

4.3 The Company has guidance in place to ensure that control self-assessment questionnaires are completed with the assistance of all department and unit heads and confirm to management that appropriate internal control policies and procedures have been properly complied with;

4.4 The Board understands that employees' behavior can be a major source of operational risk due to poorly trained or overworked employees. The Group has persistently promoted high standard of ethics and integrity with the aid of Employee Handbook and Code of Conduct. In addition, the Group has maintained a pleasant working environment, adequate workplace safety and satisfactory employment condition with a view to ensuring high standard of ethics and integrity;

4.5 The Board understands that unexpected changes or unforeseen interruption to the business operations can be a major source of operational risk. The Group has in place business continuity plans to ensure business operation of the Group on an ongoing basis, and limit losses in the event of severe business disruption if happened;

4.6 The Board is committed to maintaining a high standard of corporate governance practices which includes, among others, segregation of duties and responsibilities both in management and departmental level to ensure check and balance, avoidance of conflict of interest, accountability and reporting. All levels of staffs should understand their responsibilities with respect to operational risk management; and

4.7 At a meeting of the Board held on 3 December 2015, the Board approved the establishment of an internal audit function to assist the Audit Committee to review and evaluate the adequacy and effectiveness of risk management and internal control systems of the Group and to manage risks inherent in the achievement of business objective of the Company.

Report of the Risk Management & Internal Control Systems

ANNUAL REVIEW

An annual review on the effectiveness of the Group's risk management and internal control systems covering all material controls, including financial, operational and compliance controls has been conducted by the Board and reviewed by the Audit Committee.

1. Area of Review

The review has, in particular, considered the following areas:

1.1 the effectiveness of the Group's risk management and internal control systems;

1.2 the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;

1.3 the scope and quality of management's ongoing monitoring of risk management and internal control systems of the Group, and the work of the internal audit function;

1.4 any changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business, economy and external and environment;

1.5 the Company's ability in responding to incidence of significant control failing;

1.6 the extent and frequency of communication of monitoring results to the Board or Board Committees which enables it to assess control of the Company and the effectiveness of risk management and internal control systems;

1.7 significant control failing or weaknesses that have been identified during the Period (if any) and the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and

1.8 the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

2. Governing Principles of Review

2.1 The Board understands that risk is an integral part of business, improvements in Company performance and greater returns for investors are direct results of measured and successful risk-taking. As such, the Board acknowledges the responsibility to maintain a good and proper risk management and internal control systems and reviews its effectiveness periodically;

2.2 The implementation of the risk management and internal control systems of the Group are designed to identify and manage risks that may adversely hinder the achievement of the objectives of the Company, provide reasonable, albeit not absolute assurance against failure in operational system, material error, or loss of fraud to the Company. The risk profile and tolerance level of risk appetite will be determined based on the businesses needs and organisational structure of the Group; and

2.3 The Company's objectives, its organisational structure and environment in which it operates are continuously evolving and as a result, the risk appetite is continually changing. As such, the Company undertakes a continuously thorough and ongoing evaluation of risk management framework whenever a material change in the risk profiles of the Group occurs.

Report of the Risk Management & Internal Control Systems

3. Summary of Review

The process of annual review on the effectiveness of the risk management and internal control systems of the Group included reviews on the Company level as well as on departmental level. Review on Company level was conducted by reference to the Corporate Governance Code and Guidance on Internal Control and Risk Management — A Basic Framework published by Hong Kong Institute of Certified Public Accountants. Evaluations on i) Control Environment; ii) Financial and Operational Control; and iii) Compliance Control were made. The Review has, in particular, considered the adequacy of resources, staff qualifications & experience, training programmes and budgets of the Company's accounting & financial reporting function. In addition, departmental reviews on procedural compliance and proper documentation filing were conducted by testing against the Internal Control Manual and Corporate Governance Code.

The Board is of the view that, the risk management and internal control systems of the Group for the year under review is sound and effective, and sufficient to safeguard the interests of shareholders and assets of the Company. The Board also considers that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting staff, internal audit and financial reporting functions are adequate. There was no indication of significant control failing or material weaknesses that may affect the financial, operational, compliance controls and risk management function of the Group, nor any suspected frauds, misstatement or infringement of applicable laws, rules and regulations were identified during the Review. The Group did not receive any concerns about possible improprieties from employees during the period under review. Throughout the period under review, the risk management and internal control systems of the Group have been operated effectively.

Save and except as disclosed herein and since the last annual review, no significant changes were found in the nature and extent of significant risks, nor the Company's ability to respond to changes in the business and external environment.

Environmental, Social and Governance Report

The Board is pleased to present the Environmental, Social and Governance Report (the "**ESG Report**") which is made in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Listing Rules. The information disclosed in the ESG Report is derived from the internal statistics, results and analyses of the Group's internal management systems.

SUSTAINABILITY APPROACH AND STRATEGY

The Board is committed to the long-term sustainable development of environmental, social and governance ("**ESG**") practice and its reporting. The Board recognises the importance of ESG factors and aims to manage ESG issues and their associated risks, and adhere to a high standard business practices in maintaining environmental and social sustainability. In addition, the Board is committed to engaging ESG considerations as an integral part of business operations of the Group and strives to continually improve our environmental performance in line with Corporate Governance Code, environmental protection laws, applicable rules and regulations. The Company will further enhance ESG management by actively participating in community engagement and ensuring our business development will take into consideration the communities' interests.

THE ESG POLICY

In furtherance of this commitment, the Board adopted the ESG Policy of the Company (the "**ESG Policy**") on 6 June 2016 aiming to set out guidelines and framework for the Company to handle ESG issues associated with the business operation and investment of the Group. The ESG Policy applies to all Directors, management and employees throughout the Group and all employees have a duty to uphold the standards established in the ESG Policy, which enable the Company to achieve a high standard of business ethics, governance and integrity.

SCOPE OF REPORT AND PERIOD

The ESG Report covers the core businesses of the Group in Hong Kong (the "**Core Businesses**") including: (i) financial services operation under SFO licences; (ii) credit and lending services operation under MLO licences; (iii) other financial services; (iv) property investment and leasing; and (v) tactical and strategic investment. In view of the business nature of the Group, we are not aware of any environmental laws and regulations that would have a significant impact on the Group. The ESG Report disclosed information on the Company's ESG Policy and performance, management approach, strategy, priorities and objectives during the year from 1 January 2020 to 31 December 2020.

STAKEHOLDER ENGAGEMENT

The Group's main stakeholder engagement in ESG promotion includes employees, shareholders, local communities, investors and regulators. The Company shall ensure the communication of the ESG Policy, management strategy and approach of the Company in environmental protection to our stakeholders through different channels including annual general meeting, the Company's website and regular seminars to employees, etc.

GOVERNANCE STRUCTURE

The Board is responsible for formulating ESG strategy and reporting, evaluating and determining the Company's ESG related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Management is responsible for assisting the Board in discharging the above duties and responsibilities, implementing the ESG Policy, and providing confirmation to the Board on the effectiveness of ESG risk management and internal control systems. Management will, where appropriate, delegate ESG responsibilities to officers and managers at departmental levels, or instruct external professionals in the identification and management of its risks and opportunities.

Environmental, Social and Governance Report

REPORT ON ENVIRONMENTAL ASPECTS

A.1 Emissions

The Company complied with the ESG Policy, Corporate Governance Code, environmental protection laws and all the applicable laws and regulations that have a significant impact on the Company relating to air and greenhouse gas emission, discharges into water and land, and/or generation of hazardous and non-hazardous waste. The operation of the Core Businesses do not have significant impact on the environment and the Group has taken the following steps to closely monitor and manage the environmental effect of the operations of the business:

1.1 The Company did not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity and gases at the workplace, vehicles and business travels by employees;

1.2 Environmental or green procurement-related materials have been distributed to employees to enhance their awareness on ESG issues. Actively encourage employees to cherish our environment and embrace green products, foster low carbon office and green working environment, whenever practicable;

1.3 The indoor temperature and running time of air-conditioning system are controlled to reduce energy consumption and carbon emissions;

1.4 Employees were encouraged to enhance energy efficiencies and water conservation, and take reduction initiatives to manage non-hazardous waste generation in our business operation; and

1.5 The Company did not generate hazardous waste during its business operation for the Core Businesses, discharge of water and non-hazardous waste were divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable.

A.2 Use of Resources

Due to the Group's business nature, the energy, power and water utilisation is relatively low and only restricted to workplace. The office of the Group's financial services operation under SFO licences acquired by the end of 2019 had a full year impact during the period under review on the consumption of energy, power and water. Moreover, during the year, the Company expanded the office area to accommodate other new business units, resulting in further increase in such consumption. The Group is committed to conserve natural resources and the Company has adopted green office practices to reduce natural resources consumption which included the followings:

2.1 The Group strive to minimize environmental impact by encouraging employees to conserve resources by reducing energy consumption and water usage, and exploring energy use efficiency initiatives or alternatives, whenever practicable;

2.2 The Group encourages employees to handle documents electronically. When the use of paper is required, employees are encouraged to print documents in double-sided papers and black-and-white to conserve printer ink;

2.3 Recycle bins are placed in the office to encourage employees to use recycle office supplies whenever practicable;

2.4 Teleconference or internet-meeting is encouraged to avoid unnecessary business travel;

2.5 The Group used wood-free FSC certified paper in printing of its interim and annual reports since 2016; and

2.6 Office equipment particularly electrical appliances were set in standby mode whenever practicable and shut down after office hours.

A.3 The Environment and Natural Resources

The Company shall ensure compliance with all applicable environmental related legislations and regulations. Notwithstanding the Core Businesses have remote impact on the environment and natural resources, the Board is committed to give careful consideration to identify whether the Company's performances in respect of emissions, waste production and disposal, and use of resources have negative impacts on the environment and take initiative measures and actions to manage and minimize these impacts whenever practicable in order to achieve a long-term sustainable development of ESG practice.

REPORT ON SOCIAL ASPECT

B.1 Employment and Labour Practices

Employees are regarded as the greatest value of the Company. The Company adheres to fair and open recruitment of staff, and provides protection of rights and interests for employees. The Company's Remuneration Policy is to ensure fair and competitive packages based on business needs and industry practice. The Company aims to provide incentives to Directors, senior management and employees to perform at their highest levels as well as to attract, retain and motivate the very best people. Remuneration will be determined by taking into consideration factors such as market and economic situation, inflation, employment conditions elsewhere in the Group and salaries paid by comparable companies. In addition, performance-based assessment such as individual's potential and contribution to the Company, time commitment and responsibilities undertaken will all be considered. The Group also provides other staff benefits including MPF, medical insurance and discretionary training subsidy. The Company also operates a discretionary share option scheme to motivate the performance of employees.

The Company complied with the Employment Ordinance (Cap 57 of the Laws of Hong Kong) and all the relevant laws and regulations that have a significant impact on the Company relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for the year ended 31 December 2020.

B.2 Health and Safety

The Company is committed to enhancing occupational safety and ensuring that health and safety standards are given prime consideration in the operation of our business. Initiative safety measures have been/ will be taken to maintaining a safe working environment sufficiently enough to protect employees from occupational hazards.

The Group provides a safe, healthy and hygienic working environment to staff with labour protection, reasonable remuneration and various welfares. The Company provides medical insurance covering out-patient, hospitality and annual body checkup for employees. The Company encourages employees to maintain a work-life balance and numerous sports and recreation activities have been/will be conducted through Staff Club which includes health & nutrition talks, yoga class and outing activities.

Environmental, Social and Governance Report

The Company complied with all the relevant laws and regulations that have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards during the year ended 31 December 2020.

B.3 Development and Training

The Company acknowledges the importance of continuous training of employees and has in place a comprehensive training scheme and program to enhance professional ethics and product knowledge of employees. The Company has periodically arranged seminars, briefings or trainings on regulatory updates or industry practices related to the business needs of the Company and encouraged Directors and employees to attend at the Company's expenses. In addition, the Company has/will provide(d) training subsidy to employees attending job-related training courses.

B.4 Labour Standards

The Company is committed to preventing and effectively eliminating all forms of child and forced labour. The Company has complied with all the relevant laws and regulations that have a significant impact on the Company relating to preventing child and forced labour.

B.5 Supply Chain Management

The Group's business operation may not directly cause significant negative environmental and social impacts to our suppliers. However, the Company shall ensure the communication of the ESG Policy and management's strategy and approach in environmental protection to our stakeholders including suppliers and employees for the purpose of managing potential environmental and social risks of the supply chain.

B.6 Product Responsibility

The Company shall ensure compliance with relevant laws and regulations that have a significant impact on the Company relating to health and safety, advertising, labeling and privacy matters relating to services provided and methods of redress. The Company aims to incorporate ESG consideration in our business operation and investment decisions.

B.7 Anti-corruption

The Company's anti-bribery and anti-corruption practices are governed by the Code of Conduct of the Company which provides clear guidelines for employees to work in an ethical and socially responsible manner. The Company has adopted the "Policy for Employees Raising Concerns about Possible Improprieties in Financial Reporting, Internal Control or Other Matters" which allows employees to voice out their concerns in confidence without fear of victimization, subsequent discrimination or disadvantage. The Company complied with relevant laws and regulations that have a significant impact on the Company relating to bribery, extortion, fraud and money laundering, among other things, Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong).

B.8 Community Engagement

The Company is committed to delivering positive community engagement, particularly understanding the needs of the communities where the Company operates its business, and ensuring our business activities and investments shall take into consideration the communities' interests. The Company's community involvement includes the direct or indirect participating and/or contributing to dedicated projects through donations. The Board also recognises ESG practice as a continuous process of improvement and actively carries out environmental friendly practices whenever appropriate and possible.

ENVIRONMENTAL KPIS

Average no. of effective work forces for the period of 1 January 2020 to 31 December 2020 (U) = 32

KPIs		Data Collection			Emission Factor	Equivalent Emissions	% of total GHG Emission in each scope
A1.1	Emission from vehicles	For NOx Formula: NOx emissions (g) (kilometres travelled x Emission Factor)	Kilometres travelled	0 km	0.0747	0 g	
		For SOx Formula: SOx emissions (g) (units of fuel consumed x Emission Factor)	Fuel consumed	0 L	0.0147	0 g	
		For PM Formula: PM emissions (g) (kilometres travelled x Emission Factor)	Kilometres travelled	0 km	0.0055	0 g	
A1.2	Greenhouse gas emissions in electricity	Scope 1 — HFC and PFC emissions for refrigeration (refrigerant HFC-134a)	Total amount of refrigerant consumed	0.00 kg	1430	0.00 tonne	0%
		Scope 2 — Electricity	Total amount of electricity consumed	181,678 kWh	0.79	157.6 tonne	99%
		Scope 3 — Paper waste	Total amount of paper consumed disposed at landfills	323.0 kg	4.8	1.55 tonne	1%
		Scope 3 — Electricity used for processing fresh water and sewage	For fresh water processing For sewage processing	0.00 m^3 0.00 m^3	0.403 0.202	0.00 tonne 0.00 tonne	
		Total CO_2 equivalent missions (E)					159.15 tonne
		Greenhouse gas emissions intensity (E/U)					4.97 tonne/ employee

KPIs		Data Collection			Emission Factor	GWP	Equivalent Emissions
A1.2	Greenhouse gas emissions from mobile combustion sources (road, air and water transport)	Scope 1 — Direct emissions for vehicles For CO_2 Formula: CO_2 equivalent emissions (E) = A x Emission Factor	Fuel consumed A — amount of consumed (in terms of volume (eg litre) or mass)	0.00 L	2.36		0.00 kg
		Scope 1 — Direct emissions for vehicles Fuel consumed For CH_4/N_2O Formula: CO_2 equivalent emissions (E) = A x Emission Factor x GWP	GWP — global warming potential				
		CH_4	(CH_4 = 21)	0.00 L	0.000253	21	0.00 kg
		N_2O	(N_2O = 310)	0.00 L	0.001105	310	0.00 kg
A1.3	Hazardous waste produced		Not applicable				

Environmental, Social and Governance Report

KPIs		Data Collection			Intensity	
A1.4	Non-hazardous waste produced	Total non-hazardous waste produced (NHW)	By Landfill By Recycled By incineration Total non-hazardous waste produced	0.32 tonne 0.00 tonne 0.00 tonne 0.32 tonne	Non-hazardous waste intensity (NHW/U)	0.01 tonne/ employee
A1.5	Measures to mitigate emissions and results achieved	Please refer to A.1 Emissions				
A1.6	How hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Please refer to A.1 Emissions				
A2.1	Direct & indirect energy consumption	Total amount of electricity consumed (EG)		181,678 kWh	Energy consumption intensity (EG/ U)	5,677 kWh/ employee
A2.2	Water consumption *(note 1)*	Total amount of water consumed (W)		0.00 m3	Water consumption intensity (W/U)	0.00 m^3/ employee
A2.3	Description of energy use efficiency initiatives and results achieved	Please refer to A.2 Use of Resources				
A2.4	Sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Not applicable				
A2.5	Total packaging material used for finished products	Not applicable				
A3.1	Description of significant impacts of activities on the environment and natural resources and actions taken to manage them	The operation of the Core Businesses does not have significant impact on the environment				

Note 1: The Group operates in leased office premises for which both the water supply and discharge are solely controlled by the building management.

REPORT OF THE DIRECTORS

The Board is pleased to present the report of Directors together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Planetree International Development Limited is incorporated in Bermuda and its head office and principal place of business in Hong Kong is 8th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 41 of the Notes to the Consolidated Financial Statements.

There were no significant changes in the nature of the Group's principal activities during the year, except for focusing on development of Financial Services Business during the year.

RESULTS AND STATE OF AFFAIRS

The results of the Group for the year ended 31 December 2020 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 59 to 146.

BUSINESS REVIEW

A fair review of business and a discussion and analysis on the performance of the Group during the year are set out in the section headed "Business Review" of the Management Discussion and Analysis of the annual report. Discussion and analysis on particulars of important events affecting the Company that have occurred since the end of the financial year of 2020, and an indication of likely future development in the Company's business are set out in the sections headed "Outlook and Strategy" and "Significant Events since the End of the Reporting Period" of Management Discussion and Analysis of the annual report. In addition, an analysis using financial key performance indicators is set out in the section headed "Financial Review" of the Management Discussion and Analysis of the annual report.

Environmental, Social and Governance ("ESG") Performance

The Company is committed to achieving sustainable development and protection of the environment and engaging ESG considerations as an integral part of our business operations and investment. The Company's strategy in ESG management can be achieved by adopting eco-friendly management practices, making efficient use of resources, and promoting green awareness within the Company. The Company strives to promote awareness on environmental protection and optimizes efficient use of energy in daily operation by encouraging employees to recycle office supplies, plus a series of measures to develop practices to promote energy-saving and emission reduction. The Company will further enhance ESG management by participating in community engagement and ensuring our business development will take into consideration the communities' interest. The Company has complied with all the applicable environmental laws and regulations that have a significant impact on the Company. Details of ESG practice of the Company are set out in the ESG Report of this annual report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules.

Compliance with Regulations

The Company complies with the relevant laws and regulations that have a significant impact on the Company including Companies Act 1981 of Bermuda, the Companies Ordinance (to the extent applicable to the Group), as well as the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance practice.

Report of the Directors

Relationship with Employee, Customers, Suppliers and Others

The Company actively manages its relationships with employees, customers, investors, regulators, members of the communities in which we operate, and other stakeholders whose actions can affect the Company's performance and value.

DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil). No interim dividend was declared for the financial year of 2020 and 2019.

RESERVES

Particulars of movement in the reserves of the Company and the Group during the year are set out in note 42(b) of the Notes to the Consolidated Financial Statements and the Consolidated Statement of Changes in Equity respectively.

DISTRIBUTABLE RESERVES

The Company's deficit of reserves as at 31 December 2020, calculated in accordance with Companies Act 1981 of Bermuda, amounted to HK$2,490,000 (2019: HK$1,421,000), none of which (2019: none) was proposed as final dividend for the year. In addition, the Company's share premium account, in the amount of HK$914,930,000 (2019: HK$907,280,000), may be distributed in the form of fully paid bonus shares.

BANK BORROWING

There was bank borrowing of the Group for HK$275,664,000 as at 31 December 2020 (2019: HK$186,875,000). The movement of bank borrowing of the Group for the year ended 31 December 2020 is set out in note 27 of the Notes to the Consolidated Financial Statements.

SEGMENT INFORMATION

An analysis of the segment performance of the Group for the year ended 31 December 2020 is set out in note 6 of the Notes to the Consolidated Financial Statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the past five financial years, as extracted from the audited financial statements, is set out on page 148. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT

Particulars of the property and equipment of the Group and any movement thereof during the year are set out in note 14 of the Notes to the Consolidated Financial Statements.

INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2020 were revalued by an independent professional valuer. The drop in fair value arising on the revaluation, which has been debited directly to the Consolidated Statement of Profit or Loss, amounted to HK$24,600,000. Details of the investment properties of the Group and any movement thereof during the year are set out in note 15 of the Notes to the Consolidated Financial Statements, and Particulars of Properties on page 147 which does not form part of the audited financial statements.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 41 of the Notes to the Consolidated Financial Statements.

Report of the Directors

SHARE CAPITAL

Particulars of the Company's share capital and any movement thereof during the year are set out in note 29 of the Notes to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in Companies Act 1981 of Bermuda or the Bye-Laws.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme as disclosed below, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

DONATIONS

Charitable donation of HK$1,000,000 was made by the Group during the year (2019: Nil).

DIRECTORS

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

Executive Directors
Dr. Leung Wing Cheung, William *(appointed on 2 June 2020)*
Mr. Lam Hiu Lo
Mr. Liang Kang
Ms. Cheung Ka Yee
Mr. Man Wai Chuen *(appointed on 1 June 2020)*
Ms. Wong Sheun Fun, Estella *(appointed on 1 July 2020 and resigned on 1 March 2021)*
Ms. Tsang Wing Man *(resigned on 1 June 2020)*
Mr. Wong Hung Wai *(appointed on 6 March 2020 and resigned on 21 July 2020)*

Non-Executive Director
Mr. Kwong Kai Sing, Benny *(re-designated from Independent Non-Executive Director to Non-Executive Director on 1 April 2020 and resigned on 17 February 2021)*

Independent Non-Executive Directors
Mr. Chan Sze Hung
Mr. Zhang Shuang *(appointed on 1 April 2020)*
Mr. Chung Kwok Pan *(appointed on 1 April 2020)*
Ms. Liu Yan *(appointed on 1 November 2020)*
Mr. Ha Kee Choy, Eugene *(resigned on 1 December 2020)*

Ms. Liu Yan, Mr. Chan Sze Hung and Mr. Man Wai Chuen will retire at the forthcoming annual general meeting ("AGM") of the Company and have offered themselves for re-election at the AGM. Mr. Liang Kang will retire at the conclusion of the AGM and will not offer himself for re-election. The biographical details of Directors and senior management is set out in the section headed "Profiles of Directors and Senior Management" of the annual report.

CONFIRMATION OF INDEPENDENCE

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

Report of the Directors

CHANGE IN INFORMATION OF DIRECTORS

Changes in information of Directors during the year and up to the date of this annual report discloseable pursuant to Rule 13.51B are as follows:

- Mr. Chung Kwok Pan has been appointed as an independent non-executive director of Esprit Holdings Limited (stock code: 330) since 29 July 2020; and

- Dr. Leung Wing Cheung, William has ceased to be the chairman of the Estate Agents Authority from 1 November 2020.

Save as disclosed herein, upon specific enquiry by the Company and following confirmations from Directors, there is no change in information of Directors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID EMPLOYEES

Particulars of Directors' emoluments and the five highest paid employees of the Group are set out in note 11 of the Notes to the Consolidated Financial Statements respectively.

MANAGEMENT CONTRACTS

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

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with the Company that is not determinable by the Company within one year without compensation (other than statutory compensation). No Director has a service contract with the Company that are exempted under Rule 13.69 of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There were no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its holding companies or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisting during or at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the year and up to the date of this annual report, none of Directors and their associates had any interest in business which competed or was likely to compete, directly or indirectly, with the principal business of the Group.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2020, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting principles. None of which were subject to the reporting requirements under Chapter 14A to the Listing Rules. Details of these transactions are disclosed in note 36 of the Notes to the Consolidated Financial Statements.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

In 2020, revenue to the Group's five largest customers accounted for 36% of the total revenue (before deduction of net loss on disposal of financial assets at fair value through profit or loss) for the year whereas revenue to the largest customer included therein amounted to 21%. There was no purchase from suppliers by the Group during the year.

None of Directors, their associates or any shareholders who, to the knowledge of Directors, own more than 5% of the issued shares, had any interest in any of the five largest customers.

MANDATORY PROVIDENT FUND

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all of its employees. Under the MPF Scheme, the Group has only made mandatory contributions, which are fully and immediately vested in the employees; therefore, there were no forfeited contributions during the year. Further particulars of the MPF Scheme are set out in note 2 of the Notes to the Consolidated Financial Statements.

CORPORATE GOVERNANCE

The Company's principal corporate governance practice is set out in the Corporate Governance Report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of Directors, the Company has maintained the prescribed amount of public float during the year and up to the date of this annual report as required under the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the year.

PERMITTED INDEMNITY PROVISIONS

The Bye-Laws provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Such permitted indemnity provisions have been in force throughout the year under review and is currently in force at the time of approval of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31 December 2020, none of Directors or chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as 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 Listed Issuers.

Report of the Directors

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was adopted on 21 May 2015, the terms of which are in line with and complies with the requirements of Chapter 17 of the Listing Rules.

The particulars in relation to the Share Option Scheme that are required to be disclosed under Rules 17.07 to 17.09 of the Listing Rules are set out below:

(1) Purpose

To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits, to the Participants (as hereinafter defined) and to serve such other purposes as the Board may approve from time to time.

(2) Participants

It includes any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group (as hereinafter defined); any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board;

The Eligible Group includes:

(i) the Company and each of its substantial shareholders; and

(ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and

(iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and

(iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and

(v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Report of the Directors

(3)	The total number of securities available for issue under the Share Option Scheme together with the percentage of the issued share capital as at the date of the annual report	93,352,767 ordinary shares which represent 9.9% of the issued share capital of the Company as at the date of the annual report.
(4)	The maximum entitlement of shares of each Participant	(a) Subject to sub-paragraphs (b), (c) and (d) below, the total number of shares issued and to be issued upon exercise of all options granted to each Participant under the Share Option Scheme and any other share option schemes of the Company (including those exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1 per cent of the total number of shares in issue. (b) Notwithstanding sub-paragraph (a), where any further grant of options to a Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including those exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the total number of shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his or her close associates, or his or her associates if the Participant is a connected person of the Company (all within the meaning as ascribed under the Listing Rules), abstaining from voting. (c) Each grant of options to a Participant who is a director, chief executive or substantial shareholder of the Company (all within the meaning as ascribed under the Listing Rules) or any of their respective associates, must be approved by the INEDs (excluding any INED who is a proposed grantee). (d) Where the Board proposes to grant any option to a Participant who is a substantial shareholder or an INEDs, or any of their respective associates which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to the Participant under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant:

Report of the Directors

(i) representing in aggregate more than 0.1 per cent of the total number of shares in issue; and

(ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000,

such proposed grant of options must be approved by the Shareholders in general meeting. The Participant, his or her associates, and all core connected persons (within the meaning as ascribed under the Listing Rules) of the Company shall abstain from voting in favour at such general meeting.

(5)	The period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by Directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Share Option Scheme.
(6)	The minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by Directors.
(7)	Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted with a consideration of HK$1.00 being payable by the grantee.
(8)	The basis of determining the exercise price	The exercise price shall be a price solely determined by the Board and shall not be less than the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the option which must be a Business Day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 consecutive business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. Without prejudice to the generality of the foregoing and subject to the Listing Rules, the Board may grant the options in respect of which the exercise price is fixed at different prices for different periods during the option period.
(9)	The remaining life of the Share Option Scheme	The Share Option Scheme remains in force until 20 May 2025.

Report of the Directors

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings. A sum of 88,000,000 (adjusted as a result of the Company's share consolidation effective on 12 May 2020) shares options had been granted during the year ended 31 December 2020 and all of them were subsequently cancelled on 12 November 2020. There were no outstanding share options as at 31 December 2020.

Details of granting and cancellation of share options are set out in note 30 of the Notes to the Consolidated Financial Statements.

SHARE AWARD SCHEME

The share award scheme of the Company (the "**Share Award Scheme**") was adopted on 8 May 2020.

Details of Share Award Scheme are set out in note 31 of the Notes to the Consolidated Financial Statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests", "Share Option Scheme" and "Share Award Scheme" above, at no time during the year under review, was the Company or any of its subsidiaries or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of Directors, or any of their associates, had any interests in or was granted any rights to subscribe for shares, or had exercised any such rights.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the following persons had interests or short positions in the shares or underlying shares which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO; or as otherwise notified to the Company and the Stock Exchange:

Long positions in the shares of the Company:

Name		Capacity and Nature of Interest	Number of Ordinary Shares Held	Percentage of Issued Share Capital
Future Capital Group Limited	*Note*	Beneficial Owner	628,263,640	66.87%
Ms. Lo Ki Yan Karen		Interest of controlled corporation	628,263,640	66.87%
		Beneficial Owner	5,271,800	0.56%
			633,535,440	67.43%

Note: Future Capital Group Limited is 100% beneficially owned by Ms. Lo Ki Yan Karen.

Save as disclosed above, as at 31 December 2020, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares that 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.

Report of the Directors

AUDITORS

The financial statements for the year ended 31 December 2020 have been audited by Mazars CPA Limited, Certified Public Accountants, who will retire at the forthcoming annual general meeting (the "**AGM**"), being eligible, offer themselves for reappointment at the AGM. A resolution for re-appointment of Mazars CPA Limited as auditors of the Company and to authorise Directors to fix their remuneration will be proposed at the AGM.

By order of the Board

Dr. Leung Wing Cheung, William
Executive Chairman

Hong Kong, 19 March 2021

Profiles of Directors and Senior Management

Leung Wing Cheung, William, aged 66, has been appointed as an executive Director and the Executive Chairman of the Company with effect from 2 June 2020. He has more than 40 years of management experience in the finance and banking sector. Dr. Leung was formerly an Executive Director of Hang Seng Bank Limited (stock code: 011) from August 2009 to August 2011. Dr. Leung is well known for his leadership at the Hang Seng Bank. Rising from Assistant General Manager to Executive Director, he ultimately served as Head of Personal Banking, a role giving him responsibility for the bank's business relating to personal banking and wealth management. His remit of responsibilities also included his chairmanship on the board of Hang Seng General Insurance (Hong Kong) Company Limited from 2005 to 2007 and chairmanship on the board of Bankers Alliance Insurance Company Limited from 2008 to 2011. Dr. Leung also held directorship on the board of Hang Seng Life Limited from 2005 to 2007 and in Hang Seng Insurance Company Limited from 2008 to 2011. From March 2012 to June 2015, he was an Executive Director of Sun Hung Kai & Co. Limited (stock code: 086) as well as the Chief Executive Officer of Sun Hung Kai Financial Limited. He then served as an Executive Director and the Chief Executive of WeLab Digital Limited from December 2018 to January 2020. He also joined the board of Ping An Securities Group (Holdings) Limited (stock code: 231) as an Independent Non-Executive Director from December 2017 to February 2020. The above companies are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Save as disclosed above, Dr. Leung has not held any directorships in other public companies, the securities of which are listed on any securities exchange in Hong Kong or overseas in the past three years.

Dr. Leung has been conferred a number of academic honors. He has been conferred Honorary Professor, Honorary University Fellow, and Distinguished Alumni by the Hong Kong Baptist University, Adjunct Professor by the Hang Seng University, Honorary Doctorate of the Academy honoris causa by the Hong Kong Academy for Performing Arts, Honorary Fellowships by the Vocational Training Council and HKU Space.

Dr. Leung is active in community services. He previously served as Chairman of the Employees Retraining Board, Hong Kong Dance Company, Treasurer of Hong Kong Baptist University, Council Chairman of Academy for Performing Arts and Chairman of the Estate Agents Authority. He is currently serving as Chairman of the Legal Aid Services Council, and the Task Force for the Study on Tenancy Control of Subdivided Units. The Government of the Hong Kong Special Administrative Region appointed Dr. Leung as Justice of the Peace in 2005 and subsequently bestowed Bronze Bauhinia Star and Silver Bauhinia Star on him in 2009 and 2016 respectively.

Lam Hiu Lo, aged 59, was appointed an executive director in 1993. He is mainly responsible for business development and investment of the Group. He is an independent non-executive director of EVA Precision Industrial Holdings Limited, a public company listed on the Stock Exchange.

Liang Kang, aged 78, was appointed an executive director in 1995. He is mainly responsible for the business development of the Group. Prior to joining the Company, he engaged in trading business in the PRC for over 16 years.

Profiles of Directors and Senior Management

Cheung Ka Yee, aged 39, was appointed an executive director in April 2019. She is also the chairman of the nomination committee, a member of remuneration committee and a director of certain subsidiaries of the Company. She holds a Master's degree in Mathematics from the California State University in the United States of America. Ms. Cheung has around 10 years of experience in property investment and property leasing. She was previously a director of a private investment company principally engaged in securities investment in Hong Kong. Ms. Cheung was an executive director of Mason Group Holdings Limited (formerly known as Willie International Holdings Limited, stock code: 273), a company listed on the Stock Exchange, from July 2013 to April 2016.

Man Wai Chuen, aged 57, has been appointed as an executive Director of the Company with the job title as the Finance Director with effect from 1 June 2020. He is also a director of one of the subsidiaries of the Company. Mr. Man was awarded a Master's degree in Business Administration by the University of Sheffield, United Kingdom in 1988. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since 1993, a fellow member of the Association of Chartered Certified Accountants since 1998 and a fellow member of the Hong Kong Institute of Chartered Secretaries since 2000. Mr. Man has over 30 years of experience in the finance and company secretarial fields. Mr. Man was formerly an executive director of Willie International Holdings Limited (stock code: 273, currently known as Mason Group Holdings Limited) from July 2013 to May 2017, an independent non-executive director of Mission Capital Holdings Limited (stock code: 1141, currently known as CMBC Capital Holdings Limited) from November 2014 to November 2015, and an independent nonexecutive director of China Optoelectronics Holdings Group Co., Limited (stock code: 1332, currently known as China Touyun Tech Group Limited) from August 2015 to January 2016, all of which are companies listed on the main board of the Stock Exchange. Mr. Man has not held any directorships in other public companies, the securities of which are listed on any securities exchange in Hong Kong or overseas in the past three years.

Chan Sze Hung, aged 68, was appointed an independent non-executive director in April 2019. He is also a member of audit committee. He graduated from the University of Hong Kong with a degree in law. He is now a consultant of Chan, Lau and Wai, a firm of solicitors in Hong Kong. He has over 40 years' experience in the legal profession. During the period from June 2012 to June 2016, Mr. Chan was an independent non-executive director of China Touyun Tech Group Limited (stock code: 1332) of which the shares are listed on the Stock Exchange.

Zhang Shuang, aged 49, has been appointed as an independent non-executive director of the Company with effect from 1 April 2020. Mr. Zhang graduated from Nanjing University (南京大學), majoring in natural resources management, in July 1994 and obtained a Master's degree in Science from James Madison University in the United States in May 2002. He has been chief executive officer of The Paradise International Foundation (桃生源生態保護基金會) since 2015. Mr. Zhang has been a project director of the China region at The Nature Conservancy (大自然保護協會) from 2005 to 2015. He has served as an independent non-executive director of ZhongAn Online P & C Insurance Co., Ltd. (stock code: 6060), a company listed on the Stock Exchange, since November 2016.

Profiles of Directors and Senior Management

Chung Kwok Pan, aged 57, has been appointed as an independent non-executive director, a member of the audit committee, remuneration committee and nomination committee of the Company with effect from 1 April 2020.

He has been responsible for the business management of Chungweiming Knitting Factory Limited since early 1988. Mr. Chung also has several social positions, including a member of the 5th and 6th Legislative Council of Hong Kong (Textile and Garment Sector), Leader of Liberal Party, Honorary Life Chairman of Hong Kong Apparel Society, a member of Honorary General Committee of The Chinese Manufacturers' Association of Hong Kong, an advisor of New Territories General Chamber of Commerce, a director of Hong Kong Design Centre, Chairman of Design Discipline Advisory Board of Vocational Training Council, Chairman of Fashion Industry Training Advisory Committee, Education Bureau of the Hong Kong Special Administrative Region ("**HKSAR**") and a member of the Advisory Group on Implementation of Fashion Initiatives, The Commerce and Economic Development Bureau of the HKSAR. He was also a member of the 9th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference in 1998. Mr. Chung obtained a Bachelor's degree in Quantity Surveying from Robert Gordon's Institute of Technology, Scotland (currently known as Robert Gordon University, Aberdeen) in July 1986 and a Master's degree in Business Administration from the University of Stirling, Scotland, United Kingdom in May 1988. He served as an independent non-executive director of SFund International Holdings Limited (previously known as "Hanbo Enterprises Holdings Limited") (stock code: 1367), a company listed on the Stock Exchange, from June 2014 to November 2016. He has served as an independent non-executive director of High Fashion International Limited (stock code: 608) since July 2019 and an independent non-executive director of Esprit Holdings Limited (stock code: 330) since July 2020. These companies are listed on the Stock Exchange.

Liu Yan, aged 49, has been appointed as an independent non-executive Director with effect form 1 November 2020. She has been appointed as the chairman of the audit committee, remuneration committee and a member of nomination committee of the Company with effect from 1 December 2020. She has over twenty years of solid experience in auditing, financial management, taxation and fund management. She holds a Bachelor Degree in Economics from the Central University of Finance & Economics awarded in 1992 and a Master Degree in Business Administration from University of Rochester awarded in 2005. She is a member of Chinese Institute of Certified Public Accountants (CICPA) since 1996 and passed all tests for Chartered Financial Analyst (CFA) program. Ms. Liu previously worked for Brilliance Group (Shanghai) from 1992 to 1994, PricewaterhouseCoopers (Guangzhou, China) from 1994 to 2001, Barclays Capital (New York City) from 2005 to 2006, Angelo Gordon Asia Limited (Hong Kong and New York) from 2007 to 2010 and China Everbright Limited (Hong Kong) from 2010 to 2015.

Ms. Liu is currently serving as an independent non-executive director of Tai United Holdings Limited (stock code: 718) since June 2015, Haitong International Securities Group Limited (stock code: 665) since June 2018 and Great Wall Pan Asia Holdings Limited (stock code: 583) since November 2018. She previously served as an independent non-executive director of U Banquet Group Holding Ltd (stock code: 1483) from October 2016 to September 2018. All of the aforesaid companies are listed public companies in Hong Kong.

INDEPENDENT AUDITOR'S REPORT

mazars

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To the members of
Planetree International Development Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Planetree International Development Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 59 to 146, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, 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 financial position of the Group as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	**How our audit addressed the key audit matters**

Loss allowance for expected credit loss ("ECL") on loan and interest receivables from credit and lending business

We identified the loss allowance for ECL on loan and interest receivables from credit and lending business as a key audit matter due to the application of significant judgement by the management in evaluating the recoverability and credit worthiness of the borrowers.

Management assessed the impairment losses on loan and interest receivables based on probability-weighted estimate of credit losses over the expected life of these receivables and whether there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances.

In particular, as detailed in note 38 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest client and the five largest clients represents 13% and 61% of the total loans to credit and lending clients as at 31 December 2020 respectively. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter.

The carrying value of the loan and interest receivables from credit and lending business was approximately HK$311,814,000 as at 31 December 2020, in respect of which loss allowance for ECL of HK$7,300,000 has been made. Further details are set out in notes 4, 22 and 38 to the consolidated financial statements.

Our key audit procedures in relation to management's recoverability assessment of loan and interest receivables from credit and lending business included:

- Understanding, through enquiry with the management, the established policies and procedures on credit risk management of receivables from credit and lending business;
- Assessing and evaluating the design of controls with respect to the identification of receivables with overdue or default payments or insufficient collateral; and
- Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the borrowers by assessing the available information, such as background information of the borrowers, recoverable amount of securities collateral, past collection history of borrowers, concentration risk of borrowers, the Group's actual loss experience and subsequent settlement of the loan and interest receivables.

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the key audit matters

Loss allowance for ECL on trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate

We identified the loss allowance for ECL on trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate as a key audit matter due to the application of significant judgement by the management in evaluating the recoverability and credit worthiness of the customers.

Management assessed the impairment losses on trade receivables based on probability-weighted estimate of credit losses over the expected life of these receivables and whether there are any events or changes in circumstances indicate a detrimental impact on the estimated future cash flows of these balances.

In particular, as detailed in note 38 to the consolidated financial statements, the Group has concentration of credit risk as the exposure of the largest customer and the five largest customers represents 72% and 93% of the total trade receivables from customers of financial and other financial services business other than margin clients and associate as at 31 December 2020. As any impairment of such receivables will have a significant impact on the Group's financial position and financial performance, we consider impairment assessment of such receivables as a key audit matter.

The carrying value of the trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate were approximately HK$50,795,000 as at 31 December 2020, in respect of which loss allowance for ECL of HK$613,000 has been made. Further details are set out in notes 4, 22 and 38 to the consolidated financial statements.

Our key audit procedures in relation to management's recoverability assessment of trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate included:

- Understanding, through enquiry with the management, the established policies and procedures on credit risk management of the trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate;
- Assessing, on a sample basis, management's judgement over the ECL and creditworthiness of the customers by assessing the available information, such as background information of the customers, past collection history of customers, concentration risk, the Group's actual loss experience, subsequent settlement and ageing analysis of the trade receivables, adjusted for forward-looking factors specific to the debtors and the economic environment.

KEY AUDIT MATTERS *(continued)*

Key Audit Matters	How our audit addressed the key audit matters
Valuation of investment properties	
As at 31 December 2020, the Group's investment properties amounted to HK$358,200,000, which were measured at fair value. The fair values of the investment properties as at 31 December 2020 were determined based on valuations by an independent external valuer. Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. Management engaged independent external valuer to perform valuations on these investment properties at the end of the reporting period and, in case of the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as estimated rental value of the relevant properties and made assumptions about capitalisation rates. Related disclosures are included in notes 4 and 15 to the consolidated financial statements.	Our key audit procedures in relation to the assessment of the valuations of investment properties included: • Obtaining and reviewing the valuation reports prepared by the independent external valuer engaged by the Group; • Assessing the independent external valuer's qualifications, experience and expertise and considering their objectivity and independence; and • Discussing with the valuer to understand the valuation process and methodologies, the performance of the property market, and assessing the significant assumptions adopted and critical judgements used in the valuation of investment properties.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2020 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), 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 judgement 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.

Independent Auditor's Report

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 those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 19 March 2021

The engagement director on the audit resulting in this independent auditor's report is:
Chan Wai Man
Practising Certificate Number: P02487

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000 (Represented)
Revenue			
Fee and commission income		**1,216**	713
Asset management service income		**51,735**	—
Corporate advisory service income		**16,759**	—
Financial advisory service income		**4,736**	—
Net gain (loss) on disposal of financial assets at fair value through profit or loss ("FVPL")		**3,497**	(42,986)
Interest income from margin clients, loan receivables and debt investments at amortised cost		**88,631**	27,294
Dividend income from financial assets at FVPL		**659**	8,530
Gross rental income		**9,543**	12,267
Total revenue	5	**176,776**	5,818
Other income and gains	5	**66,880**	50,891
Net gain on disposal of debt investments at amortised cost	20	**155**	11,482
Gain on bargain purchase of subsidiaries	33	**683**	8,260
Reversal of (Impairment losses) on loan and interest receivables	38	**495**	(1,883)
Reversal of (Impairment losses) on promissory note receivable		**3,184**	(3,184)
Impairment losses on trade receivables	38	**(613)**	—
Depreciation of property and equipment and rights-of-use assets	14	**(11,981)**	(1,954)
Administrative expenses		**(103,962)**	(33,994)
Other losses	7	**(121,811)**	(6,300)
Finance costs	8	**(7,062)**	(1,099)
Share of result of an associate	19	**46,563**	—
Profit before taxation	9	**49,307**	28,037
Income tax expense	10	**(8,464)**	(6,962)
Profit and total comprehensive income for the year		**40,843**	21,075
Profit for the year attributable to:			
Owners of the Company		**41,762**	22,312
Non-controlling interests		**(919)**	(1,237)
		40,843	21,075
Total comprehensive income attributable to:			
Owners of the Company		**41,762**	22,312
Non-controlling interests		**(919)**	(1,237)
		40,843	21,075
		HK cents	*HK cents* *(Adjusted)*
Earnings per share	13		
Basic		**4.47**	2.40
Diluted		**4.46**	2.40

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property and equipment	14	**217,128**	181,210
Investment properties	15	**358,200**	457,700
Intangible assets	16	**12,817**	6,500
Goodwill	17	**6,115**	—
Investment in an associate	19	**181,366**	—
Debt investments at amortised cost	20	**8,030**	39,737
Loan and other receivables	22	**1,503**	174,764
Other assets	21	**3,205**	3,230
		788,364	863,141
Current assets			
Trade, loan and other receivables	22	**1,062,642**	395,042
Financial assets at FVPL	23	**27,922**	505,618
Bank balances – trust and segregated accounts	24	**179,617**	44,402
Bank balances and cash	24	**250,579**	232,254
		1,520,760	1,177,316
Current liabilities			
Trade and other payables	25	**169,822**	63,237
Lease liabilities – current portion	26	**1,886**	2,084
Interest-bearing borrowings	27	**275,664**	186,875
Income tax payable		**11,262**	59
		458,634	252,255
Net current assets		**1,062,126**	925,061
Total assets less current liabilities		**1,850,490**	1,788,202
Non-current liabilities			
Other payables	25	**1,690**	1,944
Lease liabilities – non-current portion	26	**3,886**	716
Deferred taxation	28	**1,185**	8,854
		6,761	11,514
NET ASSETS		**1,843,729**	1,776,688
Capital and reserves			
Share capital	29	**93,953**	93,053
Reserves		**1,671,467**	1,570,159
Equity attributable to owners of the Company		**1,765,420**	1,663,212
Non-controlling interests	41	**78,309**	113,476
TOTAL EQUITY		**1,843,729**	1,776,688

The consolidated financial statements on pages 59 to 146 were approved and authorised for issue by the Board of Directors on 19 March 2021 and are signed on its behalf by:

Man Wai Chuen
Director

Cheung Ka Yee
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the Company								
		Reserves							
	Share capital HK$'000	Share premium HK$'000 (Note i)	Contribution surplus HK$'000 (Note ii)	Asset revaluation reserve HK$'000 (Note iii)	Retained earnings HK$'000	Total reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2019	93,053	907,280	44,641	49,211	538,194	1,539,326	1,632,379	–	1,632,379
Profit and total comprehensive income for the year	–	–	–	–	22,312	22,312	22,312	(1,237)	21,075
Transactions with owners:									
Change in ownership interests									
Non-controlling interests arising from business combination	–	–	–	–	–	–	–	250,434	250,434
Changes in ownership interests in subsidiaries that do not result in a loss of control	–	–	–	–	8,521	8,521	8,521	(135,721)	(127,200)
	–	–	–	–	8,521	8,521	8,521	114,713	123,234
At 31 December 2019	93,053	907,280	44,641	49,211	569,027	1,570,159	1,663,212	113,476	1,776,688

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Attributable to owners of the Company										
		Reserves									
	Share capital HK$'000	Share premium HK$'000 (Note i)	Contribution surplus HK$'000 (Note ii)	Asset revaluation reserve HK$'000 (Note iii)	Share option reserve HK$'000 (Note 30)	Share award reserve HK$'000 (Note 31)	Retained earnings HK$'000	Total reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	93,053	907,280	44,641	49,211	–	–	569,027	1,570,159	1,663,212	113,476	1,776,688
Profit and total comprehensive income for the year	–	–	–	–	–	–	41,762	41,762	41,762	(919)	40,843
Transactions with owners:											
Contribution and distribution											
Recognition of equity-settled share-based payments (Notes 30 and 31)	–	–	–	–	50,936	2,310	–	53,246	53,246	–	53,246
Shares vested under the share award scheme (Note 31)	300	2,010	–	–	–	(2,310)	–	(300)	–	–	–
Equity-settled share-based payments on acquisition of a subsidiary (Note 33)	600	5,640	–	–	–	–	–	5,640	6,240	–	6,240
Dividend declared to non-controlling interest	–	–	–	–	–	–	(1,246)	(1,246)	(1,246)	–	(1,246)
	900	7,650	–	–	50,936	–	(1,246)	57,340	58,240	–	58,240
Change in ownership interests											
Transfer of reserve upon disposal of a subsidiary (Note 34(b))	–	–	–	(49,211)	–	–	49,211	–	–	–	–
Change in ownership interests in subsidiaries that do not result in a loss of control (Note 35)	–	–	–	–	–	–	2,206	2,206	2,206	(34,248)	(32,042)
Cancellation of share options (Note 30)	–	–	–	–	(50,936)	–	50,936	–	–	–	–
	–	–	–	(49,211)	(50,936)	–	102,353	2,206	2,206	(34,248)	(32,042)
At 31 December 2020	93,953	914,930	44,641	–	–	–	711,896	1,671,467	1,765,420	78,309	1,843,729

Notes:

(i) Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value. The application of the share premium account is governed by Section 46(2) of the Companies Act 1981 of Bermuda (as amended).

(ii) Contribution surplus represented the excess of the net asset values of the subsidiaries acquired over the nominal value of the Company's shares issued for their acquisitions at the time of the reorganisation in preparation for the listing of the Company's shares in 1993. Under the Bermuda Companies Act 1981 (as amended from time to time), the contributed surplus may be distributed to shareholders under certain circumstances.

(iii) Asset revaluation reserve as at 31 December 2019 arose from changes in use from owner-occupied properties to investment properties carried at fair value in prior year. The asset revaluation reserve was transferred to retained earnings upon disposal of a subsidiary during the year (Note 34(b)).

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Note	**2020** ***HK$'000***	2019 *HK$'000*
OPERATING ACTIVITIES			
Profit before taxation		**49,307**	28,037
Depreciation of property and equipment and right-of-use assets	14	**11,981**	1,954
Amortisation of intangible assets	16	**8**	—
(Reversal of) Impairment losses on loan receivables	38	**(495)**	1,883
(Reversal of) Impairment losses on promissory note receivable		**(3,184)**	3,184
Impairment losses on trade receivables	38	**613**	—
Gain on bargain purchase of subsidiaries	33	**(683)**	(8,260)
Gain on disposal of subsidiaries	34	**(48,187)**	(385)
Gain on disposal of debt investments at amortised cost	20	**(155)**	(11,482)
Loss (Gain) on disposal of property and equipment	7,5	**40**	(120)
Dividend income	5	**(659)**	(8,530)
Interest income	5	**(102,396)**	(29,957)
Interest expenses	8	**7,062**	1,099
Net fair value losses on investment properties	7	**24,600**	6,300
Net fair value losses (gains) on financial assets at FVPL	7,5	**94,171**	(47,364)
Fair value losses on contingent consideration receivables	7	**3,000**	—
Equity-settled share-based payment	30,31	**53,246**	—
Share of result of an associate	19	**(46,563)**	—
Changes in working capital			
Other deposit		**25**	—
Financial assets at FVPL		**14,150**	407,832
Trade, loan and other receivables		**(497,211)**	(381,900)
Bank balances — trust and segregated accounts		**(132,891)**	(25,742)
Trade and other payables		**104,648**	29,291
Cash generated used in operations		**(469,573)**	(34,160)
Income tax paid		**(50)**	—
NET CASH USED IN OPERATING ACTIVITIES		**(469,623)**	(34,160)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES			
Interest received		**89,020**	13,051
Dividend received		**659**	8,530
Proceeds from disposal of debt investments at amortised cost		**31,814**	84,086
Proceeds from disposal of property and equipment		**460**	980
Purchase of debt investments at amortised cost		**—**	(39,491)
Purchases of items of equipment	14	**(42,755)**	(387)
Purchases of intangible assets	16	**(5,000)**	—
Net cash inflow arising from disposal of subsidiaries	34	**315,684**	745
Net cash outflow arising from acquisition of subsidiaries	33	**(10,677)**	(27,652)
NET CASH FROM INVESTING ACTIVITIES		**379,205**	39,862
FINANCING ACTIVITIES			
New interest-bearing borrowings raised	32	**216,800**	187,500
Repayment of interest-bearing borrowings	32	**(6,011)**	(625)
Principal portion of lease payments	32	**(1,814)**	(1,337)
Interest paid	32	**(6,632)**	(669)
Net cash outflow arising from acquisition of additional interests in subsidiaries	35(a)	**(93,600)**	(127,200)
NET CASH FROM FINANCING ACTIVITIES		**108,743**	57,669
Net increase in cash and cash equivalents		**18,325**	63,371
Cash and cash equivalents at beginning of the reporting period		**232,254**	168,883
Cash and cash equivalents at end of the reporting period, represented by cash and bank balances		**250,579**	232,254

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

1. GENERAL

Planetree International Development Limited (the "Company") is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2020 annual report of the Company.

The Company and its subsidiaries (together the "Group") principally engages in (i) financial services with operations under the Securities and Futures Ordinance ("SFO") licences, (ii) credit and lending services with operations under Money Lenders Ordinance (the "MLO") licences, (iii) other financial services, (iv) property investment and leasing and (v) tactical and strategic investment.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year. The adoption of the other amendments does not have any significant impact on the consolidated financial statements.

Adoption of new/revised HKFRSs

Amendments to HKASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across HKFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and financial assets at FVPL, which are measured at fair values as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

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

Changes in ownership interest

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Notes to the Consolidated Financial Statements
Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is an entity that is 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position which is presented in note 42 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interests in associates. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

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

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property and equipment *(continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property and equipment over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Land and building	Over the shorter of the lease terms and 50 years
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	20%
Yacht	10%

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Investment properties

Investment properties are buildings that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

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

Intangible assets

Trading rights

The amount represented trading rights that confer eligibility on the Group to trade on the Stock Exchange and The Hong Kong Futures Exchange Limited. The trading rights have no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, the trading rights are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until its useful life is determined to be finite.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Intangible assets *(continued)*

Country Club membership

The useful lives of country club membership is assessed to be indefinite. Club membership with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of club membership with indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Golf club membership

The useful lives of membership of golf club is assessed to be definite. Membership with finite life is subsequently amortised over the useful economic life of 10 years and assessed for impairment whenever there is an indication that the membership may be impaired. The amortisation period and the amortisation method for membership with a finite useful life are reviewed at least at each financial year end.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; or (ii) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and measurement (continued)

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include debt investments at amortised cost, trade, loan and other receivables, bank balances – trust and segregated accounts and bank balances and cash.

2) *Financial assets at FVPL*

These investments include financial assets that are not measured at amortised cost or fair value through other comprehensive income ("FVOCI"), including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and measurement (continued)

2) Financial assets at FVPL (continued)

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include listed equity securities and contingent consideration receivable.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables and interest-bearing borrowings. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Group recognises loss allowances for expected credit loss ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under HKFRS 9 (continued)

Measurement of ECL (continued)

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument, except in the case of debt investment measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

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

Assessment of significant increase in credit risk

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

- the debtor's failure to make payments of principal or interest on the due dates;

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets and other items under HKFRS 9 (continued)

Assessment of significant increase in credit risk (continued)

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

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

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 38 to the consolidated financial statements, debt investments at amortised cost, rental receivables, other receivables and bank balances are determined to have low credit risk.

Credit-impaired financial asset

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments ***(continued)***

Impairment of financial assets and other items under HKFRS 9 (continued)

Credit-impaired financial asset (continued)

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Equity instruments

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

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted as to use.

Revenue recognition

Rental income

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Variable lease payments that depend on an index or a rate are initially measured using the index or rate at the commencement date and subsequently adjusted when such index or rate changes. Such payments are recognised as income on the straight-line basis over the lease term. Other variable lease payments are recognised as income in the period in which the event or condition that triggers those payments occurs.

Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is securities brokerage, financial, consultancy and corporate financial services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

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

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

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

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers within HKFRS 15 (continued)

Timing of revenue recognition (continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue or income arising commission income for broking business is recorded as income at a point in time on a trade date basis.

Asset management service income is recognised over time when the relevant services have been rendered.

Advisory services income are recognised at a point in time when services are rendered.

Interest income

- Interest income from margin clients is recognised over time on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rate applicable.

- Other interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Foreign currency translation

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property and equipment, intangible assets and investments in subsidiaries and an associate may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets other than goodwill *(continued)*

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Leases

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

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

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

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessee (continued)

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

As lessee (continued)

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor – operating lease

The Group applies the derecognition and impairment requirements in HKFRS 9 to the operating lease receivables.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees.

Retirement benefit costs

Payment to defined contribution retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered service entitling them to the contributions.

Long service payments

The Group's net obligation in respect of long service payments under the Employment Ordinance is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Share-based payment transactions *(continued)*

Equity-settled transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(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 holding company, 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. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company 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.

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 and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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 chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual 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. FUTURE CHANGES IN HKFRSs

At the date of authorisation of the consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Group and are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKAS 16	Proceeds before Intended Use[3]
Amendments to HKAS 37	Cost of Fulfilling a Contract[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Annual Improvements to HKFRSs	2018–2020 Cycle[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

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

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

3 Effective for annual periods beginning on or after 1 January 2022

4 Effective for annual periods beginning on or after 1 January 2023

5 The effective date to be determined

The directors do not anticipate that the adoption of these new/revised HKFRS in future periods will have any material impact on the result of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

Provision for ECL on loan and interest receivables, trade receivables and debt investments at amortised cost

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's ECL calculations on loan and interest receivables, trade receivables and debt investments at amortised cost are based on assumptions about risk of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates (such as gross domestic product and market volatility) at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2020, the carrying amount of the Group's loan and interest receivables, trade receivables and debt investments at amortised cost amounted to HK$311,814,000 (2019: HK$87,122,000), HK$744,752,000 (2019: HK$253,280,000) and HK$8,030,000 (2019: HK$39,737,000), respectively. Net impairment losses of HK$7,300,000 (2019: HK$7,795,000) and HK$613,000 (2019: Nil) have been recognised for the Group's loan and interest receivables and trade receivables as at 31 December 2020 respectively, and no specific impairment was made against the Group's debt investments at amortised cost as at 31 December 2020 and 2019. Further details, including the key assumptions and inputs used for impairment calculations, of the Group's loan and interest receivables and debt investments at amortised cost are set out in notes 20, 22 and 38 to the consolidated financial statements.

Estimation of fair value of investment properties

The fair values of the Group's investment properties are assessed by management based on the property valuation performed by independent professionally qualified valuer on an open market, existing use basis. The assumptions adopted in the property valuation are based on market conditions existing at each reporting date, with reference to comparable sales transactions and where appropriate, on the basis of capitalisation of the rental income and reversionary income potential.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

5. REVENUE, OTHER INCOME AND GAINS

	Note	2020 HK$'000	2019 HK$'000
Revenue			
Fee and commission income	(a)	**1,216**	713
Asset management service income	(b)	**51,735**	—
Corporate advisory service income	(b)	**16,759**	—
Financial advisory service income	(a)	**4,736**	—
Net gain (loss) on disposal of financial assets at FVPL	(c)	**3,497**	(42,986)
Interest income from:			
— margin clients		**59,548**	747
— loan receivables		**26,883**	14,146
— debt investments at amortised cost		**2,200**	12,401
		88,631	27,294
Dividend income from financial assets at FVPL		**659**	8,530
Gross rental income		**9,543**	12,267
		176,776	5,818
Other income and gains			
Interest income on:			
— bank deposits		**310**	231
— other receivable from an ex-shareholder of a subsidiary		**48**	297
— promissory note receivable		**13,407**	2,135
		13,765	2,663
Gain on disposal of subsidiaries	34	**48,187**	385
Gain on disposal of property and equipment		**—**	120
Gain on futures trading		**1,487**	—
Government subsidies	(d)	**1,260**	—
Management fee income		**1,120**	—
Net fair value gains on financial assets at FVPL		**—**	47,364
Net exchange gain		**31**	—
Others		**1,030**	359
		53,115	48,228
Total other income and gains		**66,880**	50,891

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Notes:

(a) All fee and commission income and financial advisory service income are recognised at a point in time.

(b) Asset management service income and corporate advisory service income are recognised over time.

(c) The amount represented the proceeds from the disposal of financial assets at FVPL of HK25,763,000 (2019: HK$667,804,000) less relevant costs and carrying value of the investments sold of HK$22,266,000 (2019: HK$710,790,000).

(d) During the year, the Group recognised government subsidies of HK$1,260,000 (2019: HK$Nil) in respect of the Employment Support Scheme under Anti-epidemic Fund of the Hong Kong SAR Government due to the COVID-19 pandemic.

6. SEGMENT INFORMATION

The Group determines its operating segment and measurement of segment profit based on the internal reports to executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

The Group's reportable and operating segments are as follows:

(a) Financial services — operations under SFO licences segment, which engages in the provision of dealing in securities, margin financing services, dealing in futures contracts, advising on corporate finance and asset management services with Type 1, Type 2, Type 6 and Type 9 licences granted under the SFO;

(b) Credit and lending services — operations under MLO licences segment, which generates interest income from money lending activities with licences granted under the MLO;

(c) Other financial services segment, which engages in the provision of corporate advisory related services;

(d) Property investment and leasing segment, which consists of the leasing of properties directly owned by the Group for rental income and/or capital appreciation potential; and

(e) Tactical and strategic investment segment, which trades and holds debt and equity securities, earns interest and dividend income from the relevant securities investments.

* The chief operating decision makers have updated the name of its reportable and operating segments for clearer descriptive information about them. SFO is defined as the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong. MLO is defined as the Money Lenders Ordinance, Chapter 163 of the laws of Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2020

6. SEGMENT INFORMATION *(continued)*

Segment revenue and results

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

For the year ended 31 December 2020

	Financial services — operations under SFO licences *HK$'000*	Credit and lending services — operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Consolidated *HK$'000*
Revenue	117,235	26,883	16,759	9,543	6,356	176,776
Other income and gains	794	14	3	3	15,918	16,732
Segment revenue	118,029	26,897	16,762	9,546	22,274	193,508
Segment profit (loss)	99,891	21,714	7,029	(21,264)	(34,849)	72,521
Unallocated other income and gains						50,148
Gain on bargain purchase of a subsidiary						683
Corporate and unallocated expenses, net						(82,509)
Profit for the year						40,843

6. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31 December 2019

	Financial services — operations under SFO licences *HK$'000*	Credit and lending services — operations under MLO licences *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Consolidated *HK$'000*
Revenue	1,460	14,146	12,267	(22,055)	5,818
Other income and gains	4	—	—	49,557	49,561
Segment revenue	1,464	14,146	12,267	27,502	55,379
Segment (loss) profit	(1,048)	8,423	(4,725)	24,366	27,016
Unallocated other income and gains					1,330
Gain on bargain purchase of subsidiaries					8,260
Corporate and unallocated expenses, net					(15,531)
Profit for the year					21,075

Segment revenue includes revenue from tactical and strategic investment, property investment and leasing, other financial services, credit and lending services – operations under MLO licences and financial services – operations under SFO licences. In addition, the chief operating decision makers also consider interest income on promissory note receivable and exchange gain as segment revenue.

Segment result represents the profit earned or loss incurred by each segment without allocation of the central corporate expenses. On the other hand, the chief operating decision makers consider share of result of an associate as segment result under tactical and strategic investment segment.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

6. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

At 31 December 2020

	Financial services — operations under SFO licences HK$'000	Credit and lending services — operations under MLO licences HK$'000	Other financial services HK$'000	Property investment and leasing HK$'000	Tactical and strategic investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets	943,319	431,036	21,450	360,497	229,294	323,528	2,309,124
Liabilities	(168,316)	(4,322)	(3,736)	(149,236)	(36,661)	(103,124)	(465,395)

At 31 December 2019

	Financial services — operations under SFO licences HK$'000	Credit and lending services — operations under MLO licences HK$'000	Property investment and leasing HK$'000	Tactical and strategic investment HK$'000	Unallocated HK$'000	Consolidated HK$'000
Assets	482,120	87,122	459,020	719,245	292,950	2,040,457
Liabilities	(58,974)	(386)	(7,415)	(5,715)	(191,279)	(263,769)

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

- all assets are allocated to operating and reportable segments other than certain property and equipment, certain other receivables and bank balances and cash.
- all liabilities are allocated to operating and reportable segments other than certain other payables, certain lease liabilities, interest-bearing borrowings, certain income tax payable and certain deferred taxation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

6. SEGMENT INFORMATION *(continued)*

Other segment information

For the year ended 31 December 2020

	Financial services — operations under SFO licences *HK$'000*	Credit and lending services — operations under MLO licences *HK$'000*	Other financial services *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:							
Capital expenditure	746	—	403	61,500	—	42,606	105,255
Interest income included in other income and gains	36	—	—	—	13,407	322	13,765
Interest expenses	—	—	—	4,035	1,075	1,952	7,062
Reversal of impairment losses on loan receivables	—	495	—	—	—	—	495
Reversal of impairment losses on promissory note receivable	—	—	—	—	3,184	—	3,184
Impairment losses on trade receivables	468	—	145	—	—	—	613
Gain on disposal of subsidiaries	—	—	—	—	—	48,187	48,187
Depreciation of property and equipment and right-of-use assets	4,301	—	82	11	—	7,587	11,981
Amortisation of intangible assets	8	—	—	—	—	—	8
Share-based compensation expenses	—	—	—	—	—	53,246	53,246
Share of result of an associate	—	—	—	—	46,563	—	46,563

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

6. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

For the year ended 31 December 2019

	Financial services — operations under SFO licences *HK$'000*	Credit and lending services — operations under MLO licences *HK$'000*	Property investment and leasing *HK$'000*	Tactical and strategic investment *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment profit or segment assets:						
Capital expenditure	173,815	—	—	—	9,047	182,862
Interest income included in other income and gains	4	—	—	2,135	524	2,663
Interest expenses	—	—	815	181	103	1,099
Impairment losses on loan receivables	—	1,883	—	—	—	1,883
Impairment losses on promissory note receivable	—	—	—	3,184	—	3,184
Gain on disposal of a subsidiary	—	—	—	—	385	385
Depreciation of property and equipment and right-of-use assets	263	—	78	—	1,613	1,954

Geographical information

The Group's operations are located in Hong Kong. Accordingly, the Group's revenue from external customers and all non-current assets (excluding financial assets) are located in Hong Kong.

Information about major customers

Revenue from the customers individually accounted for 10% or more of the Group's revenue, excluding revenue from trades and holds debt and equity securities, for the years ended 31 December 2020 and 2019 is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Customer A **	**36,917**	—
Customer B **	**14,820**	—
Customer C ^^	**4,700**	—
Customer D *	**3,730**	8,160
Customer E ^	**3,593**	4,078
Customer F ^	**—**	3,787
Customer G *	**—**	2,915

* Attributable to credit and lending services — operations under MLO licences segment.
^ Attributable to property investment and leasing segment.
** Attributable to financial services — operations under SFO licences segment.
^^ Attributable to other financial services segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

7. OTHER LOSSES

	2020 HK$'000	2019 HK$'000
Loss on disposal of property and equipment	40	—
Fair value losses on contingent consideration receivable (Note 18)	3,000	—
Net fair value losses on financial assets at FVPL	94,171	—
Net fair value losses on investment properties (Note 15)	24,600	6,300
	121,811	6,300

8. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on interest-bearing borrowings	5,911	996
Interest on margin account	1,075	—
Imputed interest on lease liabilities (Note 26)	76	103
	7,062	1,099

9. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2020 HK$'000	2019 HK$'000
Employee benefits expenses (including directors' emoluments)		
Salaries and other benefits	24,580	10,351
Retirement benefit scheme contributions	454	210
Share-based compensation expenses — grant of share options to employees and directors (Note 30)	43,620	—
Share-based compensation expenses — grant of share award to an employee (Note 31)	2,310	—
	70,964	10,561
Auditor's remuneration	1,496	1,350
Amortisation of intangible assets — included in administrative expenses	8	—
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	2,032	621
Net exchange (gain) loss	(31)	385
Lease payments in respect of rented premises	277	264
Share-based compensation expenses – grant of share options to consultants (Note 30)	7,316	—

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

10. INCOME TAX EXPENSE

Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2,000,000 assessable profits arising from Hong Kong of qualifying entities will be taxed at 8.25%, and assessable profits arising from Hong Kong above HK$2,000,000 will continue be taxed at the rate of 16.5%. As only one of the subsidiaries in the Group is eligible to elect the two-tiered profits tax rates, profits of the remaining subsidiaries of the Group will continue to be taxed at a flat rate of 16.5%.

For the years ended 31 December 2020 and 2019, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime.

	2020	2019
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Current year	**11,529**	59
Under provision in prior year	**—**	17
	11,529	76
Deferred taxation		
Origination and reversal of temporary difference (Note 28)	**(3,065)**	6,886
Income tax expense	**8,464**	6,962

Reconciliation of income tax expense

	2020	2019
	HK$'000	*HK$'000*
Profit before taxation	**49,307**	28,037
Income tax at applicable tax rate 16.5% (2019: 16.5%)	**8,136**	4,626
Effect of two-tiered profits tax rates regime	**(165)**	(49)
Effect of share of result of an associate	**(7,683)**	—
Non-deductible expenses	**10,375**	12,379
Tax exempt revenue	**(5,036)**	(7,322)
Unrecognised tax losses	**10,847**	2,216
Unrecognised temporary differences	**(3,622)**	(695)
Utilisation of previously unrecognised tax losses	**(3,768)**	(5,407)
Under provision in prior year	**—**	17
Others	**(620)**	1,197
Income tax expense for the year	**8,464**	6,962

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

(i) Directors' and Chief Executive's remuneration:

The emoluments paid or payable to each of the 14 (2019: 14) directors were as follows:

For the year ended 31 December 2020

	Directors' fees *HK$'000*	Salaries, allowance and benefits-in-kind *HK$'000*	Discretionary bonuses *HK$'000*	Share-based payment *HK$'000* (Note 30)	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:						
Dr. Leung Wing Cheung, William (Note (e))	–	875	–	–	–	875
Lam Hiu Lo	–	2,040	170	–	18	2,228
Liang Kang	–	1,440	120	–	18	1,578
Cheung Ka Yee	–	780	–	4,405	18	5,203
Wong Sheun Fun Estella (Note (f))	–	1,200	–	–	9	1,209
Man Wai Chuen (Note (d))	–	875	–	6,339	10	7,224
Wong Hung Wai (Note (g))	–	580	–	–	8	588
Tsang Wing Man (Note (c))	–	175	–	4,405	8	4,588
Non-executive director:						
Kwong Kai Sing, Benny (Note (b))	240	–	–	4,405	–	4,645
Independent non-executive directors:						
Chan Sze Hung	240	–	–	–	–	240
Zhang Shuang (Note (a))	180	–	–	–	–	180
Chung Kwok Pan (Note (a))	180	–	–	–	–	180
Liu Yan (Note (h))	40	–	–	–	–	40
Ha Kee Choy, Eugene (Note (i))	220	–	–	–	–	220
	1,100	7,965	290	19,554	89	28,998

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

(i) Directors' and Chief Executive's remuneration *(continued)*:

For the year ended 31 December 2019

	Directors' fees *HK$'000*	Salaries, allowance and benefits-in-kind *HK$'000*	Discretionary bonuses *HK$'000*	Retirement scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:					
Lam Hiu Lo	—	2,038	170	18	2,226
Liang Kang	—	1,440	120	18	1,578
Cheung Ka Yee	—	520	—	12	532
Tsang Wing Man	—	280	—	12	292
Cheung Chung Kiu	—	—	—	—	—
Yuen Wing Shing	—	839	—	2	841
Zhang Qing Xin	—	620	—	—	620
Non-executive director:					
Lee Ka Sze, Carmelo	1,100	—	—	—	1,100
Independent non-executive directors:					
Chan Sze Hung	161	—	—	—	161
Ha Kee Choy, Eugene	161	—	—	—	161
Kwong Kai Sing, Benny	161	—	—	—	161
Luk Yu King, James	500	—	—	—	500
Ng Kwok Fu	275	—	—	—	275
Leung Yu Ming, Steven	275	—	—	—	275
	2,633	5,737	290	62	8,722

Notes:

(a) On 1 April 2020, Mr. Zhang Shuang and Mr. Chung Kwok Pan were appointed as independent non-executive directors of the Company.

(b) On 1 April 2020, Mr. Kwong Kai Sing, Benny was redesignated from independent non-executive director to non-executive director of the Company. He resigned from the position on 17 February 2021.

(c) On 1 June 2020, Ms. Tsang Wing Man resigned as executive director of the Company.

(d) On 1 June 2020, Mr. Man Wai Chuen was appointed as executive director of the Company.

(e) On 2 June 2020, Dr. Leung Wing Cheung, William was appointed as executive director and chairman of the Company.

(f) On 1 July 2020, Ms. Wong Sheun Fun Estella was appointed as executive director of the Company. She resigned from the position on 1 March 2021.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION *(continued)*

(i) Directors' and Chief Executive's remuneration: *(continued)*

Notes: *(continued)*

(g) On 6 March 2020, Mr. Wong Hung Wai was appointed as executive director of the Company. He resigned from the position on 21 July 2020.

(h) On 1 November 2020, Ms. Liu Yan was appointed as independent non-executive director of the Company.

(i) On 1 December 2020, Mr. Ha Kee Choy, Eugene resigned as independent non-executive director of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2020 and 2019.

(ii) Employees' remuneration:

The five highest paid individuals of the Group included 4 (2019: 3) directors of the Company. Details of their emoluments are included in note 11 (i) above.

The emoluments of the remaining (2019: 2) highest paid individual for the year are set out as follows:

	2020	2019
	HK$'000	*HK$'000*
Salaries, allowances and benefits-in-kind	**451**	2,900
Contribution to retirement benefits schemes	**18**	26
Share-based compensation expenses	**4,184**	—
	4,653	2,926

The emoluments of the individuals are within the following bands:

	2020	2019
	Number of employees	Number of employees
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**—**	1
HK$4,500,001 to HK$5,000,000	**1**	—

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

12. DIVIDEND

The Board of Directors does not recommend the payment of a dividend for the years ended 31 December 2020 and 2019.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on profit attributable to the equity holders of the Company and the weighted average number ordinary shares in issue during the year.

The outstanding share awards of the Company have been included in the computation of diluted earnings per share as they are dilutive for the year ended 31 December 2020.

The calculations of basic and diluted earnings per share are based on:

Earnings

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to equity holders of the Company, for the purpose of basic and diluted earnings per share	**41,762**	22,312

Number of shares

	2020	2019 (Adjusted)
Issued ordinary shares at 1 January	**9,305,276,756**	9,305,276,756
Effect of share consolidation (Note 29)	**(8,374,749,081)**	(8,374,749,081)
Shares vested under the share award scheme (Note 31)	**1,901,639**	—
Equity-settled share-based payments on acquisition of a subsidiary (Note 33(c))	**1,032,786**	—
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	**933,462,100**	930,527,675
Effect of dilutive potential shares from share award scheme (Note 31)	**1,095,466**	—
Effect of dilutive potential shares from share option scheme (Note 30)	**823,042**	—
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	**935,380,608**	930,527,675

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

14. PROPERTY AND EQUIPMENT

	Right-of-use assets – Office premises HK$'000 (Note a)	Right-of-use assets – Land and buildings HK$'000 (Note b)	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
Reconciliation of carrying amount – year ended 31 December 2019								
At 1 January 2019	–	–	570	480	112	–	–	1,162
Acquisition of subsidiaries	–	171,400	4,073	323	2,542	–	–	178,338
Additions	4,137	–	–	–	387	–	–	4,524
Disposals	–	–	(517)	(240)	(103)	–	–	(860)
Depreciation	(1,379)	(218)	(181)	(85)	(91)	–	–	(1,954)
At 31 December 2019	2,758	171,182	3,945	478	2,847	–	–	181,210
Reconciliation of carrying amount – year ended 31 December 2020								
At 1 January 2020	**2,758**	**171,182**	**3,945**	**478**	**2,847**	**–**	**–**	**181,210**
Acquisition of subsidiaries (Note 33)	**495**	**–**	**–**	**7**	**492**	**500**	**–**	**1,494**
Additions	**–**	**–**	**–**	**4**	**194**	**–**	**42,557**	**42,755**
Lease modification	**4,786**	**–**	**–**	**–**	**–**	**–**	**–**	**4,786**
Disposal of subsidiaries (Note 34)	**–**	**–**	**–**	**(141)**	**–**	**–**	**–**	**(141)**
Disposals	**(495)**	**–**	**–**	**–**	**–**	**(500)**	**–**	**(995)**
Depreciation	**(1,882)**	**(4,206)**	**(1,818)**	**(131)**	**(752)**	**–**	**(3,192)**	**(11,981)**
At 31 December 2020	**5,662**	**166,976**	**2,127**	**217**	**2,781**	**–**	**39,365**	**217,128**
At 31 December 2019								
Cost	4,137	171,400	4,179	554	2,929	–	–	183,199
Accumulated depreciation	(1,379)	(218)	(234)	(76)	(82)	–	–	(1,989)
	2,758	171,182	3,945	478	2,847	–	–	181,210
At 31 December 2020								
Cost	**8,923**	**171,400**	**4,179**	**474**	**3,615**	**–**	**42,557**	**231,148**
Accumulated depreciation	**(3,261)**	**(4,424)**	**(2,052)**	**(257)**	**(834)**	**–**	**(3,192)**	**(14,020)**
	5,662	**166,976**	**2,127**	**217**	**2,781**	**–**	**39,365**	**217,128**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2020

14. PROPERTY AND EQUIPMENT *(continued)*

Notes:

(a) The Group leases office premises for its daily operations with a lease term of 3 years (2019: 2 years).

The Group has recognised the following amounts for the year:

	2020 HK$'000	2019 HK$'000
Lease payments:		
Short-term lease recognised in profit or loss	**277**	264
Total cash outflow for leases	**2,167**	1,704

(b) The property interests in land and buildings — leased for own use thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK$166,976,000 (2019: HK$171,182,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which may be financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease. At the end of the period, the remaining lease term is about 40 years (2019: about 41 years).

The property with carrying value at the end of the reporting period of HK$166,976,000 was pledged to secure banking facilities granted to the Group (Note 27).

15. INVESTMENT PROPERTIES

	Notes	2020 HK$'000	2019 HK$'000
Fair value			
At the beginning of the reporting period		**457,700**	464,000
Addition — acquisition of a subsidiary	33	**61,500**	—
Disposal — disposal of a subsidiary	34	**(136,400)**	—
Changes in fair value	7	**(24,600)**	(6,300)
At the end of the reporting period		**358,200**	457,700

At the end of the reporting period, the investment properties of HK$358,200,000 (2019: HK$457,700,000) are held with the remaining lease term of 62 to 105 years (2019: 40 to 849 years).

The Group's investment properties as at 31 December 2020 consist of three commercial properties (2019: two commercial properties, three industrial properties and four residential properties) in Hong Kong. The directors of the Company have determined that the investment properties are commercial properties (2019: three classes of asset, i.e., commercial, industrial and residential), based on the nature, characteristics and risks of each property.

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15. INVESTMENT PROPERTIES *(continued)*

The property interests in investment properties thereon (including the whole or part of undivided share in the underlying land) in Hong Kong of HK$358,200,000 (2019: HK$457,700,000) are held by the Group as the registered owner. Those property interests were acquired from the previous registered owners by making lump sum payments at the upfront (which may be financed by a mortgage). Except for the variable amounts to be charged by the government subsequently that are reviewed regularly with reference to the rateable values, for example, there are no ongoing payments to be made under the terms of the land lease.

The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Ravia Global Appraisal Advisory Limited ("Ravia"), an independent professional valuer in Hong Kong which is a member of The Hong Kong Society of Financial Analysts Ltd, at HK$358,200,000.

Certain of the Group's investment properties with an aggregate carrying value at the end of the reporting period of HK$303,200,000 (2019: HK$313,200,000) were pledged to secure banking facilities granted to the Group (Note 27).

Leasing arrangement – as lessor

The Group leases certain of its investment properties to third parties under operating leases, which had an initial non-cancellable lease term of 6 months to 2 years (2019: 6 months to 2 years). The leases do not include purchase or termination options. However, certain leases provide the lessees with options to extend at the end of the term for 3 years (2019: 3 years).

The investment properties are subject to residual value risk. The lease contract, as a result, includes a provision on residual value guarantee based on which the Group has the right to charge the tenant for any damage to certain of the investment properties at the end of the lease, unless the loss or damage caused through the act, neglect, omission or negligence of the Group. Besides, the Group has purchased insurance to protect it against any loss that may arise from accidents or physical damages of the properties.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties as at the end of the reporting period:

	2020 ***HK$'000***	2019 *HK$'000*
Year 1	**8,760**	11,664
Year 2	**4,840**	8,957
Year 3	**4,200**	4,840
Year 4	**4,200**	4,200
Year 5	**350**	4,200
After year 5	**—**	350
Undiscounted lease payments to be received	**22,350**	34,211

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15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**—**	**—**	**358,200**	**358,200**

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial properties	—	—	313,200	313,200
Industrial properties	—	56,300	—	56,300
Residential properties	—	88,200	—	88,200
	—	144,500	313,200	457,700

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 (2019: Nil). The movements in Level 2 fair value measurement were fair value decrease of HK$8,100,000, which has been recorded in profit or loss and derecognition of HK$136,400,000 upon disposal of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurement categorised within Level 3 of the fair value hierarchy:

	Commercial properties	
	2020	2019
	HK$'000	*HK$'000*
At the beginning of the reporting period	**313,200**	315,000
Acquisition of a subsidiary	**61,500**	—
Net fair value losses on investment properties	**(16,500)**	(1,800)
At the end of the reporting period	**358,200**	313,200

Description of the valuation techniques and inputs used in Level 3 fair value measurement

At the end of the reporting period, the investment properties were revalued by Ravia, independent professional qualified valuers, on the market value basis using direct comparison approach.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties classified as Level 3 of the fair value hierarchy:

	Valuation techniques	**Significant inputs**	**Weighted average**
As at 31 December 2020			
Commercial properties	Income capitalisation approach	Market rental (per square feet)	HK$38 per month
		Market yields	2.50%
	Direct comparison approach	Price (per square feet)	HK$19,000
As at 31 December 2019			
Commercial properties	Income capitalisation approach	Market rental (per square feet)	HK$40 per month
		Market yields	2.50%
	Direct comparison approach	Price (per square feet)	HK$19,700

Under the direct comparison approach, fair value is determined by reference to comparable market transactions and adjusted for differences on location, physical and transaction attributes and is positively correlated to the estimated price.

Under the income capitalisation approach, fair value is based on capitalisation of rental income and reversionary income potential. Measurement of the fair value is positively correlated to the market rental and inversely correlated to market yields.

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16. INTANGIBLE ASSETS

	Trading rights and licenses HK$'000	Country club membership HK$'000	Golf club membership HK$'000	Total HK$'000
Reconciliation of carrying amount				
At 1 January 2019	—	—	—	—
Additions — acquisition of subsidiaries	6,500	—	—	6,500
At 31 December 2019	6,500	—	—	6,500
At 1 January 2020	**6,500**	**—**	**—**	**6,500**
Additions — acquisition of a subsidiary (Notes a and 33(c))	**925**	**—**	**400**	**1,325**
Additions (Note b)	**—**	**5,000**	**—**	**5,000**
Amortisation	**—**	**—**	**(8)**	**(8)**
At 31 December 2020	**7,425**	**5,000**	**392**	**12,817**
At 31 December 2019				
Cost	6,500	—	—	6,500
Accumulated amortisation	—	—	—	—
Net carrying amount	6,500	—	—	6,500
At 31 December 2020				
Cost	**7,425**	**5,000**	**400**	**12,825**
Accumulated amortisation	**—**	**—**	**(8)**	**(8)**
Net carrying amount	**7,425**	**5,000**	**392**	**12,817**

Notes:

(a) The trading rights and licenses and golf club membership of the Group were valued at 30 October 2020, date of acquisition, by Ravia on cost approach and direct sales comparison method under market approach respectively. Ravia is not connected with the Group, and has appropriate qualifications and recent experience in the valuation of similar trading rights and licenses.

The fair value of trading rights and licenses using cost method is by reference to the application fee for license and the salary of representative officers.

The fair value of golf club membership using direct sales comparison method is based on the assumption of selling the membership and by making reference to comparable sales transaction as available in the relevant market.

16. INTANGIBLE ASSETS *(Continued)*

Notes: *(Continued)*

(b) During the year ended 31 December 2020, the Group acquired corporate nominee membership of Hong Kong Country Club at a cost of HK$5,000,000. The membership has no foreseeable limit to the period over which the Group can use to generate cash flows. As a result, membership is considered by the management of the Group as having indefinite useful life. The membership will not be amortised until its useful life is determined to be finite.

(c) The variables and assumptions used in computing the fair value of the trading rights and licenses and golf club membership are unobservable. The fair value of trading rights and licenses and golf club membership are classified as Level 3 under fair value hierarchy at acquisition date.

(d) No impairment losses on trading rights and licenses and country club membership have been recognised for the year ended 31 December 2020.

(e) Golf club membership has a validity of 10 years and the Group has determined that this asset has a useful life of 10 years. It is tested for impairment where an indicator of impairment appears.

17. GOODWILL

	2020
	HK$'000
Reconciliation of carrying amount	
At beginning of the year	—
Additions (Note 33(d))	**6,115**
At 31 December 2020	**6,115**
At 31 December 2020	
Cost	**6,115**
Accumulated impairment losses	—
Net carrying amount	**6,115**

In October 2020, the Group acquired 100% equity interests in Briscoe Wong Advisory Limited ("Briscoe") at a consideration of HK$16,800,000. Briscoe, as a cash-generating unit, is engaged in provision of corporate advisory related services (the "Briscoe Business CGU"). The excess of the consideration transferred over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed amounted to approximately HK$6,115,000 and was recognised as a goodwill.

At 31 December 2020, the Group assessed the recoverable amount of the Briscoe Business CGU with reference to business valuation of Briscoe based on cash flow projection of Briscoe. The calculation uses cash flow projection based on financial budgets covering a 5-year period with reference to the financial information of the selected listed companies, which principal business being comparable to that of Briscoe. Cash flows beyond the 5-year period have been extrapolated using a 2% long-term growth rate.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

17. GOODWILL *(Continued)*

The recoverable amount of the Briscoe Business CGU exceeded the carrying amount based on value-in-use calculation. Accordingly, no impairment on goodwill was recognised during the year ended 31 December 2020.

Key assumptions and inputs used for the business valuation are as follows:

	2020
Average growth rate	**-12.00%**
Long-term growth rate	**2.00%**
Pre-tax discount rate	**14.78%**

Management determined the average growth rate and long-term growth rate based on past performance and the expectation of market development. The discount rate used is pre-tax and reflects specific risks relating to the Briscoe Business CGU.

Sensitivity of key assumptions

The management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Briscoe Business CGU to exceed its recoverable amount.

18. CONTINGENT CONSIDERATION RECEIVABLE

	2020 ***HK$'000***
At fair value	
At the beginning of the year	—
Acquisition of a subsidiary (Note 33(d))	3,000
Change in fair value	(3,000)
At the end of the reporting period	**—**

Two of the vendors (the "Guarantors") who together held beneficial interest in 80% of the Briscoe before the acquisition guaranteed jointly and severally in writing to and in favour of the Group that the net asset value of Briscoe to reach at least HK$16,800,000 as at 31 December 2021 (the "NAV Guarantee"), failing which any shortfall will be paid by the Guarantors to the Group within 10 business days after the date of signing the audited financial statements of Briscoe for the year ending 31 December 2021.

The NAV Guarantee represents a right to the return of previously transferred consideration for the acquisition of Briscoe when the specified conditions are met and hence constitutes a kind of contingent consideration. The fair value of the NAV Guarantee at the date of acquisition was estimated by Ravia by applying probability-weighted expected return method under the income approach on the probability-weighted present value of various future outcomes, which is based on the estimated net assets of Briscoe as at 31 December 2021.

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

18. CONTINGENT CONSIDERATION RECEIVABLE *(Continued)*

The variables and assumptions used in computing the fair value of the contingent consideration receivable are based on the management's best estimate. The value of the contingent consideration receivable varies with different variables of certain subjective assumptions. The fair value of contingent consideration receivable is a level 3 fair value measurement.

As at 31 December 2020, the fair value of the contingent consideration receivable was estimated to be insignificant.

19. INVESTMENT IN AN ASSOCIATE

	2020	2019
	HK$'000	*HK$'000*
Share of net asset	**181,366**	—

Details of the associate at the end of the reporting period are as follows:

Name of associate	**Principal place of business/ incorporation**	**Particular of issued share capital/ registered capital**	**Proportion of value of registered and paid-up capital indirectly held by the Company**		**Principal activities**
			2020	2019	
Green River Associates Limited ("Green River Marshall")	Hong Kong/ Marshall Islands	100 shares with no par value	**40%**	N/A	Securities investment

The above associate is accounted for using the equity method in the consolidated financial statements.

Upon partial disposal of Green River Marshall in December 2020, the Group's equity interest in Green River Marshall was decreased from 100% to 40% which resulted in loss of control but maintained significant influence over Green River Marshall. Green River Marshall then became an associate of the Group upon the completion of disposal (Note 34(c)).

Fair value of investments

The above associate is private company and there is no quoted market price available for the investments.

Notes to the Consolidated Financial Statements

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19. INVESTMENT IN AN ASSOCIATE *(Continued)*

Financial information of individually material associate

Summarised financial information of the associate is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2020
At 31 December	***HK$'000***
Gross amount	
Current assets	489,040
Current liabilities	(35,624)
	453,416
Group's ownership interests	40%
Group's share of equity and carrying amount of interests	181,366

	Period from 11 December 2020 to 31 December 2020 ***HK$'000***
Gross amount	
Revenue and other revenue	127,019
Profit for the period	116,407
Other comprehensive income for the period attributable to the Group	—
Total comprehensive income for the period	116,407
Group's share of:	
Profit from operations for the period	46,563
Other comprehensive income for the period	—
Total comprehensive income for the period	46,563
Dividend received from the associate	—

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

20. DEBT INVESTMENTS AT AMORTISED COST

	Note	**2020** **HK$'000**	2019 HK$'000
Senior notes	(a)	**8,030**	31,852
Perpetual senior notes	(b)	**—**	7,885
		8,030	39,737

Notes:

(a) During the year ended 31 December 2020, the Group disposed of its debt investments at amortised cost with interest of approximately HK$23,774,000 (2019: HK$72,447,000). Net gain on disposal of debt investments at amortised cost of HK$88,000 was recognised and included in the consolidated statement of profit or loss and other comprehensive income during the year.

As at 31 December 2020, the senior notes bear interest at 8.125% per annum (2019: range from 5.75% to 8.70% per annum), payable semi-annually and will mature in 26 months (2019: 29 months to 54 months).

(b) During the year ended 31 December 2020, the Group disposed of its debt investments at amortised cost without interest of approximately HK$7,885,000 (2019: HK$Nil). Net gain on disposal of debt investments at amortised cost of HK$67,000 was recognised and included in the consolidated statement of profit or loss and other comprehensive income during the year.

As at 31 December 2019, perpetual senior notes bore interest at 7.75% per annum and payable semi-annually.

21. OTHER ASSETS

At 31 December 2020 and 2019, other assets represent statutory and other deposits with various exchanges and clearing houses and except for stamp deposits placed in the Stock Exchange, all other deposits are non-interest bearing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

22. TRADE, LOAN AND OTHER RECEIVABLES

	Note	2020 *HK$'000*	2019 *HK$'000*
Trade receivables			
Trade receivables arising from the business of securities brokerage	(a)		
— cash clients		**36**	4
— margin clients	(b)	**673,832**	247,719
— Hong Kong Securities Clearing Company Limited ("HKSCC")	(c)	**478**	3
Trade receivables from futures clearing house arising from the business of dealing in futures contracts	(a)	**4,665**	5,554
Trade receivables from provision of corporate advisory service	(d)	**11,404**	—
Trade receivables from provision of financial advisory service	(d)	**3,222**	—
Trade receivables from provision of assets management service			
— from independent third parties	(d)	**36,782**	—
— from an associate	(d)	**14,820**	—
Trade receivables from provision of underwriting service		**126**	—
		745,365	253,280
Less: Loss allowance	38	**(613)**	—
		744,752	253,280
Rental receivables		**—**	320
Loan and interest receivables			
Loan and interest receivables from independent third parties		**319,114**	94,917
Less: Loss allowance	38	**(7,300)**	(7,795)
	(e)	**311,814**	87,122
Other receivables			
Deposits with securities brokers	(f)	**77**	77
Other receivable from an ex-shareholder of a subsidiary	(g)	**—**	51,803
Promissory note receivable	(h)	**—**	173,409
Prepayments		**2,607**	1,587
Deposits		**2,246**	1,378
Other receivables		**2,637**	830
Due from an associate	(i)	**12**	—
		7,579	229,084
		1,064,145	569,806
Less: Non-current portion			
Loan and interest receivables		**—**	(995)
Other receivables		**(1,503)**	(173,769)
		(1,503)	(174,764)
Current portion		**1,062,642**	395,042

22. TRADE, LOAN AND OTHER RECEIVABLES *(Continued)*

Information about the Group's exposure to credit risks and loss allowance for trade, loan and other receivables is included in note 38 to the consolidated financial statements.

Notes:

(a) No ageing analysis by invoice date is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of financial services business. The Group offsets certain trade receivable and trade payable when the Group currently has a legally enforceable right to set off the balances; and intends to settle on a net basis or to realise the balances simultaneously. Details are set out in note 40 to the consolidated financial statements.

(b) Trade receivables from margin clients are repayable on demand and bear interest ranging from 15% to 24% (2019: 12% to 24%) per annum for the year ended 31 December 2020. The loans are secured by pledged marketable securities with a total fair value of approximately HK$4,009,170,000 (2019: HK$1,669,597,000). The Group is permitted to sell or repledge the marketable securities if the customers default on the payment when requested by the Group.

(c) The settlement terms of trade receivables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date.

(d) Trade receivables from provision of corporate advisory service, financial advisory service and assets management service are unsecured, interest-free and repayable within 30 days upon presentation of invoices.

(e) Loan receivables represent receivables arising from the Group's credit and lending business and are stated at amortised cost.

At the end of the reporting period, the loan receivables are related to four (2019: four) new customers and ten (2019: two) existing customers. Loan receivables include fixed rate loan advances to independent third parties of approximately HK$46,662,000 (2019: HK$25,282,000) which are secured by the pledge of certain collaterals and personal guarantees, bearing interest ranging from 12% to 15% (2019: 15% to 24%) per annum and have contractual loan period between 3 months and 2 years (2019: 3 months and 12 months) under the Group's credit and lending operation. The remaining balance includes both fixed and variable rate loan advances to independent third parties of approximately HK$265,152,000 (2019: HK$61,840,000) which are unsecured, bearing interest ranging from 5% to 36% (2019: 5% to 24%) per annum and not overdue as at the end of reporting period. The contractual loan period for majority of the remaining balance is between 1 month and 2 years (2019: between 9 months and 2 years).

The amount granted to individuals and corporates depends on management's assessment of credit risk of the customers by evaluation on background check (such as their profession, salaries and current working position for individual borrowers and their industry and financial position for corporate borrowers) and repayment abilities. As at 31 December 2020, allowance for impairment loss of HK$7,300,000 (2019: HK$7,795,000) is recognised for the loan receivables. Details are set out in note 38 to the consolidated financial statements.

(f) Deposits with securities brokers represented the funds deposited with the brokers' houses for securities trading purpose.

(g) As at 31 December 2019, the amount due was non-trade nature, unsecured, bore interest at 7% per annum and repayable in January 2020. The carrying amount of the amounts due approximated their fair values. The amount was fully settled in January 2020.

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22. TRADE, LOAN AND OTHER RECEIVABLES *(Continued)*

Notes: *(Continued)*

(h) The amount represented a zero-coupon promissory note issued by an independent third party on 30 September 2019 which is at principal amount of HK$190,000,000 maturing on 30 June 2021. The amount due has been fully settled during the reporting period (2019: Nil).

During the year ended 31 December 2020, the Group recognised interest income and reversal of impairment losses of approximately HK$13,407,000 and HK$3,184,000 respectively for the promissory note receivable.

(i) The amount due is unsecured, interest-free and has no fixed repayment term.

23. FINANCIAL ASSETS AT FVPL

	2020	2019
	HK$'000	*HK$'000*
Held for trading, at fair value		
Equity securities — listed in Hong Kong	**27,922**	505,618

At the end of the reporting period, no investments had been exceeded 10% of the Group's total assets.

On 23 November 2020, the Group transferred equity securities listed in Hong Kong at fair value of HK$296,749,000 to Green River Marshall. Upon disposal of 60% equity interest in Green River Marshall on 11 December 2020, it has become an associate of the Group (Notes 19 and 34(c)).

24. BANK BALANCES — TRUST AND SEGREGATED ACCOUNTS/BANK BALANCES AND CASH

Time deposits and bank balances and cash

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one day to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

Bank balances — trust and segregated accounts

The Group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities of its ordinary business. These clients' monies are maintained in one or more segregated bank accounts. The Group has recognised the corresponding accounts payable to respective clients and other institutions (Note 25).

25. TRADE AND OTHER PAYABLES

	Note	2020 HK$'000	2019 HK$'000
Trade payables			
Trade payables arising from the business of securities brokerage	(a)		
— cash clients		**1,456**	1,669
— margin clients		**154,106**	8,451
— HKSCC		**4,409**	40,420
Trade payables arising from the business of options broking	(a)	**209**	212
Trade payables arising from the business of dealing in futures contract	(b)	**3,018**	6,824
	(c)	**163,198**	57,576
Other payables			
Other payables and accrued charges		**6,624**	4,111
Rental deposits received		**1,690**	3,494
		8,314	7,605
Less: non-current portion		**(1,690)**	(1,944)
Current portion		**6,624**	5,661
Total current portion		**169,822**	63,237

Notes:

(a) Trade payables to cash, margin and option clients are repayable on demand. The settlement terms of trade payables arising from the provision of securities brokerage business with HKSCC are usually two days after trade date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of securities brokerage business.

(b) Trade payables to clients arising from the business of dealing in futures contracts are margin deposits received from clients for their trading of futures contracts on the Hong Kong Futures Exchange Limited (the "HKFE"). The excesses of the outstanding amounts over the required initial margin deposits stipulated by the HKFE are repayable to clients on demand.

(c) Included in trade payables were amounts in aggregate of HK$154,702,000 (2019: HK$44,402,000) in respect of the trust and segregated bank balances received and held for clients in the course of dealing in regulated activities (Note 24).

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26. LEASE LIABILITIES

	2020	2019
	HK$'000	HK$'000
At 1 January	2,800	—
New leases	—	4,137
Addition — acquisition of a subsidiary *(Note 33)*	495	—
Lease modification	4,786	—
Disposal	(495)	—
Imputed interest expense on lease liabilities	76	103
Lease payments	(1,890)	(1,440)
At 31 December	5,772	2,800
Less: Non-current portion	(3,886)	(716)
Current portion	1,886	2,084

Lease liabilities as at 31 December 2020 are carried at incremental borrowing rate of 1.98% per annum (2019: 4.57% per annum) repayable within 3 years (2019: 2 years).

27. INTEREST-BEARING BORROWINGS

	2020	2019
	HK$'000	HK$'000
Secured bank loans repayable on demand	275,664	186,875

The ranges of interest rates on the Group's interest-bearing borrowings are as follows:

	2020	2019
Interest rates		
1 month HIBOR*	Plus 1.5% to 1.7% per annum	Plus 1.7% per annum

* Hong Kong Interbank Offer Rate

At the end of the reporting period, bank loans with a clause in their terms that gives the banks an overriding right to demand for repayment are classified as current liabilities even though the directors do not expect that the banks would exercise their right to demand repayment. The bank loans were denominated in Hong Kong dollars and secured by the Group's certain investment properties and an own-used property with carrying value of approximately HK$303,200,000 (2019: HK$313,200,000) and HK$166,976,000 (2019: Nil) respectively and corporate guarantee of HK$244,800,000 (2019: HK$187,500,000) was provided by the Company.

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27. INTEREST-BEARING BORROWINGS *(Continued)*

The maturity terms of the bank loans based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause) are as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**11,218**	7,500
In the second year	**12,405**	7,500
In the third to fifth years inclusive	**252,041**	171,875
	275,664	186,875

28. DEFERRED TAXATION

The movements for the year in the Group's net deferred tax position are as follows:

	Unrealised (gain) loss on financial assets at FVPL	**Depreciation allowance**	**Collective impairment on intangible assets**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	(1,200)	(1,373)	—	1,678	(895)
Acquisition of subsidiaries	—	—	(1,073)	—	(1,073)
(Charged) Credited to profit or loss for the year	(7,198)	(2,050)	—	2,362	(6,886)
At 31 December 2019	(8,398)	(3,423)	(1,073)	4,040	(8,854)
At 1 January 2020	(8,398)	(3,423)	(1,073)	4,040	(8,854)
Disposal of subsidiaries (Note 34)	5,556	2,428	—	(3,380)	4,604
Credited (Charged) to profit or loss for the year (Note 10)	2,842	(427)	—	650	3,065
At 31 December 2020	—	(1,422)	(1,073)	1,310	(1,185)

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Year ended 31 December 2020

28. DEFERRED TAXATION *(Continued)*

Recognised deferred tax assets (liabilities) at the end of the reporting period represent the following:

	Assets		Liabilities	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Unrealised gain on financial assets at FVPL	**—**	—	**—**	(8,398)
Depreciation allowance	**—**	—	**(2,157)**	(3,423)
Collective impairment on intangible assets	**—**	—	**(1,073)**	(1,073)
Tax losses	**2,045**	4,040	**—**	—
Deferred tax asset (liabilities)	**2,045**	4,040	**(3,230)**	(12,894)
Offsetting	**(2,045)**	(4,040)	**2,045**	4,040
Net deferred tax liabilities	**—**	—	**(1,185)**	(8,854)

At the end of the reporting period, the Group had unrecognised temporary differences arising from unused tax losses of approximately HK$163,959,000 (2019: HK$1,245,698,000). Deferred tax assets have not been recognised due to the unpredictability of future profit available against which the Group can utilise the benefits therefrom. The tax losses do not expire under current tax legislation.

29. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.1 (31 December 2019: HK$0.01) each		
Authorised:		
At 1 January 2019, 31 December 2019 and 1 January 2020	50,000,000,000	500,000
Share consolidation	(45,000,000,000)	—
At 31 December 2020	**5,000,000,000**	**500,000**

29. SHARE CAPITAL *(Continued)*

	Number of shares	Share capital *HK$'000*
Issued and fully paid:		
At 1 January 2019, 31 December 2019 and 1 January 2020	9,305,276,756	93,053
Share consolidation (Note)	(8,374,749,081)	—
Issue of shares under share award scheme	3,000,000	300
Issue of consideration shares for acquisition of a subsidiary (Note 33(c))	6,000,000	600
At 31 December 2020	**939,527,675**	**93,953**

Note:

Pursuant to an ordinary resolution passed at a special general meeting of the Company held on 8 May 2020, every ten issued and unissued ordinary shares of HK$0.01 each were consolidated into one consolidated share of HK$0.1 each with effect from 12 May 2020.

30. SHARE OPTION

On 21 May 2015, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to the employees and to serve such other purposes as the directors may approve from time to time.

Employees (including directors) of the Group are included in the eligible participants under the Share Option Scheme. Under the Share Option Scheme, the Company is entitled to issue no more than 10% of the Company's issued share capital as at the date of passing a shareholders' resolution of the Company authorizing such limit. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall end, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Share Option Scheme. The Share Option Scheme remains in force until 20 May 2025.

On 2 April 2020, the Company granted a sum of 380,000,000 share options to certain eligible persons of the Group at an exercise price of HK$0.108 per share. The closing price of the shares in the Company immediately before the date of grant was HK$0.105 per share (before share consolidation effective from 12 May 2020). These share options were vested immediately on the grantees on 2 April 2020. The validity period of the share options is 10 years from the date of grant (i.e. 2 April 2020 to 1 April 2030). Owing to the share consolidation with effect from 12 May 2020, the exercise price and the number of existing shares to be issued upon exercise of the outstanding share options have been adjusted as HK$1.08 per share and 38,000,000 share options.

On 14 May 2020, the Company granted 9,000,000 share options to an eligible person of the Group at an exercise price of HK$0.908 per share. The closing price of the shares of the Company immediately before the date of grant was HK$0.85 per share. Among the aforesaid 9,000,000 share options, 3,000,000 share options were vested on 14 May 2020, 3,000,000 share options will be vested on 14 May 2021 and the remaining 3,000,000 share options will be vested on 14 May 2022. The validity period of the share options is from the respective vesting dates to 13 May 2030.

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Year ended 31 December 2020

30. SHARE OPTION *(Continued)*

On 8 July 2020, the Company further granted 41,000,000 share options to eligible persons of the Group at an exercise price of HK$1.50 per share. The closing price of the shares in the Company immediately before the date of grant was HK$1.50 per share. These share options were vested immediately on the grantees on 8 July 2020. The validity period of the share options is 10 years from the date of grant (i.e. 8 July 2020 to 7 July 2030).

No share options were exercised during the year ended 31 December 2020. The movement of the share options during the year is summarised below:

				Number of share options						
Category of grantees	Date of grant	Exercise price per share before share consolidation *(HK$)*	Exercise price per shares after share consolidation *(HK$)*	Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Share consolidation (every 10 shares into 1 share)	Lapsed/cancelled during the year	Outstanding as at 31 December 2020	Vested and exercisable at 31 December 2020
Directors										
Ms. Cheung Ka Yee	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Mr. Kwong Kai Sing, Benny	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Mr. Man Wai Chuen	8 July 2020	1.500	1.500	–	8,000,000	–	–	(8,000,000)	–	–
Ex-director, re-classified as employee										
Ms. Tsang Wing Man	2 April 2020	0.108	1.080	–	80,000,000	–	(72,000,000)	(8,000,000)	–	–
Consultants*										
(Total no.: 2)	2 April 2020	0.108	1.080	–	140,000,000	–	(126,000,000)	(14,000,000)	–	–
Employees*										
(Total no.: 1)	14 May 2020	0.908	0.908	–	9,000,000	–	–	(9,000,000)	–	–
(Total no.: 8)	8 July 2020	1.500	1.500	–	33,000,000	–	–	(33,000,000)	–	–
				–	430,000,000	–	(342,000,000)	(88,000,000)	–	–

* None of two consultants and the employees is a director, chief executive or substantial shareholder or their respective associates.

30. SHARE OPTION *(Continued)*

The fair value of the share options is determined using a binomial pricing model. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expectations of early exercise are incorporated into the model. The value of an option varies with different variables of certain subjective assumptions. Inputs to the model are as follows:

Grant date	:	2 April 2020	14 May 2020	8 July 2020
Share price after share consolidation	:	HK$1.08	HK$0.77	HK$1.50
Exercise price	:	HK$1.08	HK$0.908	HK$1.50
Risk-free interest rate	:	0.66%	0.43%	0.48%
Time to maturity	:	10 years	10 years	10 years
Time to vest	:	0 year	0-2 years	0 years
Expected dividend yield	:	0%	0%	0%
Expected volatility	:	47.55%	47.93%	50%

The risk-free interest rate was based on the market yield of Hong Kong government bonds as of the option grant date. Expected dividend yield was based on the historical dividend of the Company. Expected volatility was determined by using the historical volatility of the Company's share prices.

The Group recognised an expense of approximately HK$50,936,000 for the year ended 31 December 2020 in relation to the share options granted by the Company.

On 12 November 2020, the Company has mutually agreed with grantees of 88,000,000 share options which have been granted on 2 April 2020, 14 May 2020 and 8 July 2020, that the share options were cancelled and lapsed without any monetary consideration or compensation.

Upon cancellation of the share options, share option reserve of HK$50,936,000 was transferred directly to retained earnings and there are no outstanding share options.

31. SHARE AWARD SCHEME

On 8 May 2020, the shareholders of the Company at a special general meeting approved the adoption of a share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees in accordance with the provisions of the Share Award Scheme and the nominal value of the shares awarded under the Share Award Scheme shall not exceed 10% of the issued share capital of the Company from time to time, with an annual limit equal to 3% of the Company's issued share capital as at the date of passing of a shareholders' resolution of the Company, as the maximum number of Awarded Shares which can be issued under the Share Award Scheme from the date of passing such shareholders' resolution up to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by its bye-laws or any applicable law to be held; and (iii) the revocation or variation of the approval by members of the Company in general meeting subject to refreshment annually.

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme will be valid and effective for a term of 10 years starting from 8 May 2020.

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Year ended 31 December 2020

31. SHARE AWARD SCHEME *(Continued)*

When a selected grantee has satisfied all vesting conditions, which might include service and/or performance conditions, specified by the Board at the time of making the award and become entitled to the shares of the Company forming the subject of the award, the Company shall transfer the relevant Awarded Shares to that employee at no cost. The selected grantee however is not entitled to receive any income or distribution, such as dividend derived from the unvested Awarded Shares allocated to him/her.

On 14 May 2020, the Company granted 9,000,000 Awarded Shares to an employee of the Group who is not a director, chief executive or substantial shareholder of the Company or any of their respective associates. Among the aforesaid 9,000,000 Awarded Shares, 3,000,000 Awarded Shares were vested on 14 May 2020, 3,000,000 Awarded Shares will be vested on 14 May 2021 and the remaining 3,000,000 Awarded Shares will be vested on 14 May 2022. Details of movements of the Awarded Shares during the year ended 31 December 2020 are set out below:

			Number of Awarded Shares					
Category of grantee	Date of grant	Average fair value per Awarded Share *(HK$)*	Outstanding as at 1 January 2020	Granted during the year	Vested during the year	Lapsed/ Cancelled during the year	Unvested and exercisable at 31 December 2020	Vesting dates
Employee								
(Total no.: 1)	14 May 2020	0.77	–	9,000,000	(3,000,000)	–	3,000,000	14 May 2021
							3,000,000	14 May 2022
			–	9,000,000	(3,000,000)	–	6,000,000	

The estimated fair value of the Awarded Shares on the grant date is determined by reference to the closing market price of the Company's shares at HK$0.77 on the grant date.

During the year ended 31 December 2020, 3,000,000 Awarded Shares were vested and the Group recognised share award expenses of HK$2,310,000 (2019: Nil).

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32. OTHER CASH FLOW INFORMATION

Details of the changes in the Group's liabilities from financing activities are as follows:

For the year ended 31 December 2020

	Lease liabilities *HK$'000*	Interest-bearing borrowings *HK$'000*	Accrued interest *HK$'000*	Total *HK$'000*
At 1 January 2020	**2,800**	**186,875**	**430**	**190,105**
Addition — acquisition of a subsidiary	**495**	**—**	**—**	**495**
Lease modification	**4,786**	**—**	**—**	**4,786**
Disposal	**(495)**	**—**	**—**	**(495)**
Disposal — disposal of a subsidiary	**—**	**(122,000)**	**—**	**(122,000)**
Interest expenses	**76**	**—**	**6,986**	**7,062**
Cash inflow (outflow) in financing activities:				
New interest-bearing borrowings raised	**—**	**216,800**	**—**	**216,800**
Repayment of interest-bearing borrowings	**—**	**(6,011)**	**—**	**(6,011)**
Principal portion of lease payments	**(1,814)**	**—**	**—**	**(1,814)**
Interest paid	**(76)**	**—**	**(6,556)**	**(6,632)**
At 31 December 2020	**5,772**	**275,664**	**860**	**282,296**

For the year ended 31 December 2019

	Lease liabilities *HK$'000*	Interest-bearing borrowings *HK$'000*	Accrued interest *HK$'000*	Total *HK$'000*
At 1 January 2019	—	—	—	—
New leases	4,137	—	—	4,137
Interest expenses	103	—	996	1,099
Cash inflow (outflow) in financing activities:				
New interest-bearing borrowings raised	—	187,500	—	187,500
Repayment of interest-bearing borrowings	—	(625)	—	(625)
Principal portion of lease payments	(1,337)	—	—	(1,337)
Interest paid	(103)	—	(566)	(669)
At 31 December 2019	2,800	186,875	430	190,105

33. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Gain All Investments Limited ("Gain All")

In April 2020, Planetree Holdings Limited, a wholly owned subsidiary of the Company, acquired 100% equity interest of Gain All, at a cash consideration of HK$443,000 from an independent third party (the "Vendor"). Under the deed of assignment, the Vendor has also assigned and transferred a loan due from Gain All amounting to approximately HK$261,000 to the Group. The principal activity of Gain All is investment holding and the holder of an operating licence of certain property and equipment held by the Group. The acquisition was completed in April 2020. Upon completion of the transaction, Gain All had become a wholly owned subsidiary of the Company.

In the opinion of the directors, this acquisition did not constitute business combination as defined in HKFRS 3 (Revised) "Business Combinations". Therefore, the acquisitions have been accounted for as acquisition of assets during the year ended 31 December 2020.

The subsidiary made no significant contribution to the revenue and results of the Group for the year ended 31 December 2020 after acquisition. The revenue and results of the subsidiary was also insignificant if the above acquisition had been taken place at the beginning of the reporting period.

(b) Acquisition of Jumbo Hall International Limited ("Jumbo Hall")

On 13 July 2020, Top Insight Holdings Limited ("Top Insight"), a non-wholly owned subsidiary of the Company, and Planetree (BVI) Capital Limited, a non-wholly owned subsidiary of the Company holding Top Insight, entered into a conditional subscription agreement with Multi Kingdom Investment Limited ("Multi Kingdom"), an independent third party, to acquire the entire equity interest in Jumbo Hall by allotting and issuing 350 shares of Top Insight of USD1.00 (equivalent to approximately HK$7.8) each at a fair value of HK$175,880 each in the amount of HK$61,558,000, representing approximately 35% of the enlarged share capital of Top Insight (the "Jumbo Hall Acquisition"). The principal assets of Top Insight and its subsidiaries ("Top Insight Group") and Jumbo Hall are property holding. The acquisition was completed on 15 July 2020.

The above acquisition has been accounted for as acquisition of assets and liabilities during the period.

33. ACQUISITION OF SUBSIDIARIES *(Continued)*

(c) Acquisition of Akron Corporate Finance Limited ("Akron")

On 14 May 2020, Green River Associates Limited (formerly known as Planetree Treasury Limited), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with JRDA Limited ("JRDA"), an independent third party, to acquire the entire equity interest in Akron by allotting and issuing 6,000,000 ordinary shares of the Company of HK$0.01 each at a fair value of HK$1.04 each in the amount of HK$6,240,000 (the "Akron Acquisition"). The principal activity of Akron is advising on corporate finance (Type 6). The Akron Acquisition was completed on 30 October 2020.

Since acquisition, the acquired business has contributed HK$4,736,000 and HK$4,240,000 to the revenue and profit of the Group respectively. If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit of the Group would be increased by HK$4,616,000 and HK$1,087,000 respectively.

(d) Acquisition of Briscoe Wong Advisory Limited ("Briscoe")

On 14 October 2020, Planetree International Limited, a direct wholly owned subsidiary of the Company, entered into a sale and purchase agreement with independent third parties, in respect of the acquisition of the entire equity interest in Briscoe at a cash consideration of HK$16,800,000 (the "Briscoe Acquisition"). In addition, a guarantee has been made by the vendors in favour of the Group as to the net asset value of Briscoe to reach at least HK$16,800,000 as at 31 December 2021. The principal activity of Briscoe is providing corporate advisory related services. The Briscoe Acquisition was completed on 15 October 2020.

Since acquisition, the acquired business has contributed HK$16,759,000 and HK$10,029,000 to the revenue and profit of the Group respectively. If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit of the Group would be increased by HK$10,321,000 and HK$1,534,000 respectively.

Notes to the Consolidated Financial Statements

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33. ACQUISITION OF SUBSIDIARIES *(Continued)*

	Gain All	Jumbo Hall	Akron	Briscoe	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note a)	(Note b)	(Note c)	(Note d)	
Consideration					
Cash	443	—	—	16,800	17,243
35% of enlarged equity interest in Top Insight Group (Note 35(b))	—	61,558	—	—	61,558
Share issued, at fair value	—	—	6,240	—	6,240
Contingent consideration receivable (Note 18)	—	—	—	(3,000)	(3,000)
	443	61,558	6,240	13,800	82,041
Recognised amounts of identifiable assets acquired and liabilities assumed					
Investment property	—	61,500	—	—	61,500
Plant and equipment	—	—	600	399	999
Right-of-use assets	—	—	495	—	495
Intangible assets	—	—	1,325	—	1,325
Trade and other receivables	—	—	933	4,644	5,577
Prepayment and deposits	423	58	—	—	481
Tax recoverable	—	—	46	202	248
Bank balances and cash	20	—	4,106	2,440	6,566
Bank balances-trust and segregated accounts	—	—	—	2,324	2,324
Accrued expenses and other payable	—	—	(87)	(2,324)	(2,411)
Lease liabilities	—	—	(495)	—	(495)
Total identifiable net assets	443	61,558	6,923	7,685	76,609
Goodwill (Note 17)	—	—	—	6,115	6,115
Gain on bargain purchases	—	—	(683)	—	(683)
Net cash (outflow) inflow of acquisition of subsidiaries					
Consideration paid in cash	(443)	—	—	(16,800)	(17,243)
Bank balances and cash	20	—	4,106	2,440	6,566
Net (outflow) inflow of cash and cash equivalents	(423)	—	4,106	(14,360)	(10,677)

Notes to the Consolidated Financial Statements

Year ended 31 December 2020

34. DISPOSAL OF SUBSIDIARIES

(a) In January 2020, Yugang International (B.V.I.) Limited ("Yugang BVI"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with a third party to dispose of its entire equity interest in Ferrex Holdings Limited ("Ferrex"), which is incorporated in the British Virgin Islands, at a total consideration of HK$55,711,600. The principal activities of Ferrex and its subsidiary (the "Ferrex Group") at the time of disposal is investment holding and trading of equity securities. The disposal was completed in January 2020.

(b) In May 2020, Yugang BVI further entered into a sale and purchase agreement with a third party to dispose of its entire equity interest in Joywell Holdings Limited ("Joywell"), which is incorporated in the British Virgin Islands, at a total consideration of HK$20,000,000. The principal activities of Joywell and its subsidiaries (the "Joywell Group") at the time of disposal are investment holding and property leasing. Details of the disposal of Joywell have been disclosed in the Company's announcement dated 11 May 2020 and 13 May 2020. The disposal was completed in May 2020.

(c) On 23 November 2020, a wholly owned subsidiary of the Company, Planetree International Limited ("Planetree International"), established a wholly owned subsidiary, namely Green River Associates Limited ("Green River Marshall"), incorporated in Marshall Islands.

On 11 December 2020, Planetree International entered into a sale and purchase agreement with a third party to dispose of 60% equity interest in Green River Marshall at a total consideration of HK$240,000,000, which is payable in cash. The principal activities of Green River Marshall at the time of disposal are investment holding and trading of equity securities. The disposal was completed on the same day.

Consequently, the Group's equity interest in Green River Marshall was decreased from 100% to 40% which resulted in loss of control but maintained significant influence over Green River Marshall. Green River Marshall then became an associate of the Group upon the completion of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

	Ferrex Group *HK$'000* (Note a)	Joywell Group *HK$'000* (Note b)	Green River Marshall *HK$'000* (Note c)	Total *HK$'000*
Net assets disposed of				
Property and equipment	—	141	—	141
Investment properties (Note i)	—	136,400	—	136,400
Financial assets at FVPL	57,354	—	312,021	369,375
Trade and other receivables	—	433	25,000	25,433
Bank balances and cash	28	—	—	28
Other payables	(107)	(2,316)	—	(2,423)
Amount due to related parties	—	—	(12)	(12)
Income tax payable	—	(10)	—	(10)
Interest-bearing borrowings	(2,000)	(120,000)	—	(122,000)
Deferred taxation	(2,818)	(1,786)	—	(4,604)
	52,457	12,862	337,009	402,328
Net assets upon disposal				
Investment in an associate (40% of interest retained)	—	—	(134,803)	(134,803)
Gain on disposal (Note 5)	3,255	7,138	37,794	48,187
Consideration	55,712	20,000	240,000	315,712
Net cash inflow on disposal				
Cash consideration received	55,712	20,000	240,000	315,712
Less: bank balances and cash disposed of	(28)	—	—	(28)
	55,684	20,000	240,000	315,684

Note:

(i) Upon disposal of Joywell Group, asset revaluation reserve of HK$49,211,000 was derecognised and transferred directly to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL

(a) Increase in interests in subsidiaries

(i) Subscription of shares of Planetree (Cayman) Capital Limited (formerly known as Liberty Capital Limited) ("Planetree Capital")

On 22 January 2020, Planetree Cayman Limited ("Planetree Cayman"), a wholly owned subsidiary of the Company, entered into a subscription agreement with Planetree Capital, a non-wholly owned subsidiary of the Company which incorporated in the Cayman Islands, to subscribe 1,700 subscription shares of Planetree Capital at the subscription price of HK$134,000 per share (the "Subscription"). The aggregate consideration for the Subscription was HK$227,800,000 (excluding transaction costs), which was fully settled by means of capitalisation of the shareholder loans granted by Planetree Cayman to Planetree Capital to the extent of HK$227,800,000. The Subscription was completed on the same date.

Upon completion of the Subscription, the Company's voting rights in Planetree Capital, through Planetree Cayman, increased from 71.43% to 82.22% on 22 January 2020. The results and financial position of Planetree Capital and its subsidiaries (the "Planetree Capital Group") are included in the Group's consolidated financial statements.

Accordingly, the decrease in carrying amount of the non-controlling interests in the Planetree Capital Group of approximately HK$2,371,000 was recognised directly in equity of the Group.

(ii) Share repurchase by Planetree Capital

On 10 August 2020, Planetree Capital had completed the repurchase of 800 ordinary shares from minority shareholders at total cash consideration of HK$93,600,000. The ordinary shares were cancelled immediately after repurchase. Upon completion of the repurchase, the Company's voting rights in Planetree Capital, through Planetree Cayman, increased from 82.22% to 100% on 10 August 2020. The financial impact of the repurchase to the consolidated financial statements is set out as follows:

	HK$'000
Net consideration paid to non-controlling interests	(93,600)
Carrying amount of non-controlling interests acquired	108,972
Credited directly to retained earnings	15,372

35. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL *(Continued)*

(b) Partial disposal of Top Insight Group

Upon completion of the Jumbo Hall Acquisition as mentioned in note 33(b) to the consolidated financial statements, the Group's effective interest in Top Insight Group decreased from 82.22% to 53.44%. The financial impact of the allotment of shares of Top Insight to the consolidated financial statements is set out as follows:

	HK$'000
Net consideration received from non-controlling interests (Note 33(b))	61,558
Amount of non-controlling interests recognised	(77,095)
Debited directly to retained earnings	(15,537)

36. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related party relationship	**Nature of transaction**	**2020** ***HK$'000***	2019 *HK$'000*
Associate	Asset management income	**14,820**	—

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 11 to the consolidated financial statements.

37. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in dealing in securities (Type 1), dealing in futures contracts (Type 2), advising on corporate finance (Type 6) and asset management services (Type 9) which are regulated entities under the Securities and Futures Commission and require to comply with Hong Kong Securities and Futures (Financial Resources) Rules (The "SF(FR)R") subject to the respective minimum capital requirements and liquid capital requirements. The management closely monitors, on a daily basis, the liquid capital requirements under SF(FR)R. The Group's regulated entities have complied with the capital requirements imposed by SF(FR)R throughout the year ended 31 December 2020.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Note	**2020** **HK$'000**	2019 HK$'000
Financial assets			
Mandatorily measured at FVPL		**27,922**	505,618
Amortised cost	(a)	**1,499,764**	884,612
Financial liabilities			
Amortised cost	(b)	**447,176**	252,056

Notes:

(a) Financial assets at amortised cost include debt investments at amortised cost, trade, loan and other receivables (excluding prepayments), bank balances — trust and segregated accounts and bank balances and cash.

(b) Financial liabilities at amortised cost include trade and other payables and interest-bearing borrowings.

Financial risk management objectives and policies

At 31 December 2020, the Group's major financial instruments include trade, loan and other receivables, financial assets at FVPL, bank balances — trust and segregated accounts, bank balances and cash, trade and other payables and interest-bearing borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The risks associated and the management policies remain unchanged from prior year.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate cash and cash equivalents and variable-rate loans to independent third parties. The management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The management considers that the Group's exposure to cash flow interest rate risk on variable-rate bank balances and variable-rate loans as a result of the change of market interest rate is insignificant due to low interest rates on bank balances and insignificant balance of variable-rate loans as at 31 December 2020 and 2019, thus no sensitivity analysis is prepared for cash flow interest rate risk for both years.

Equity price risk

The Group is exposed to equity price risk through financial assets at FVPL. The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity and debt securities.

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38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Equity price risk (Continued)

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If the prices of the respective financial assets at FVPL had been 3% (2019: 10%) higher/lower, and held other variables constant, the Group's profit after taxation for the year would increase/decrease by approximately HK$699,000 (2019: HK$42,219,000), as a result of changes in the fair value of financial assets at FVPL.

The sensitivity analysis has been determined assuming that the reasonably possible 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 the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2019.

Credit risk

The carrying amount of financial assets on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Group's maximum exposure to credit risk in the event of the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group reviews the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables from margin clients

The Group provides financing services only to recognised and creditworthy third parties. It is the Group's policy that all these margin clients are subject to credit verification procedures. The margin loans are secured by pledged marketable securities and margins are set to ensure that certain proportion of the fair value of pledged marketable securities of the individual margin clients is higher than the corresponding outstanding loans.

As at 31 December 2020, the Group has concentration of credit risk as 20% and 79% (2019: 35% and 100%) of the total loans to margin clients which due from the Group's largest margin client and the five largest margin clients respectively.

The Group's customer base consists of thirteen (2019: six) clients and the trade receivables from margin clients are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Trade receivables from margin clients (Continued)

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition, whether the financial asset is credit-impaired and the amount of loss given default, the Group has taken into account the credit quality of clients, the collateral to margin receivable balances ratio, amount of margin shortfall of margin clients and pledged marketable securities and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

After considering the above factors, the management assesses that all of the trade receivables from margin clients have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of trade receivables from margin clients to be insignificant, so no loss allowance was recognised during the year.

Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate

The Group trades with recognised and creditworthy third parties. The receivable balances are monitored on an ongoing basis by senior management and the Group's exposure to bad debts is not significant.

As at 31 December 2020, the Group has concentration of credit risk as 72% and 93% (2019: Nil) of total trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate was due from the Group's largest receivable and the five largest receivables respectively.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the trade receivables from provision of financial and other financial service other than trade receivables from margin clients and trade receivable from an associate is credit-impaired, the Group has taken into account the financial position of the counterparty by reference to, among others, available press information, adjusted for forward-looking factors that are specific to the counterparty, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. Accordingly, impairment is measured on 12-month ECL basis.

As at 31 December 2020

	Expected loss rate %	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Credit-impaired
Not past due	1.19	46,578	552	No
1 — 30 days past due	1.26	4,830	61	No
		51,408	613	

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Year ended 31 December 2020

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate (Continued)

Ageing analysis

Ageing analysis of trade receivables (net of loss allowance) prepared based on invoice date is as follows:

	2020
	HK$'000
Less than 1 month	**46,026**
1 to 3 months	**4,769**
At the end of the reporting period	**50,795**

The information about the ECL for the trade receivables from financial and other financial services business other than trade receivables from margin clients and trade receivable from an associate as at 31 December 2020 is summarised below. After considering the above factors, a loss allowance of HK$613,000 (2019: Nil) has been made as of 31 December 2020.

	12-month ECL Performing	
	2020	2019
	HK$'000	*HK$'000*
At the beginning of the reporting period	**—**	—
Increase in allowance	**613**	—
At the end of the reporting period	**613**	—

Trade receivables from an associate

As at 31 December 2020, the outstanding balance of trade receivables from an associate was HK$14,820,000. The credit risk on trade receivable from an associate is limited as the relevant associate is with strong financial position and performance.

At the end of the reporting period, the management have performed impairment assessment and considered the credit risk is low, ECL for trade receivables from an associate is insignificant. Therefore, no loss allowance was recognised during the year.

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loan receivables

Management has credit and lending policies in place and the exposure to the credit risk is monitored on an ongoing basis. The Group grants loans only to recognised and creditworthy third parties. It is the Group's policy that all these borrowers are subject to credit verification procedures. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

As at 31 December 2020, the Group has concentration of credit risk as 13% and 61% (2019: 57% and 98%) of total loan receivables was due from the Group's largest borrower and the five largest borrowers respectively, within the credit and lending activities.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the borrowers and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the year.

The Group has established a loan credit risk classification system and performs credit risk management based on loan classification in four categories of internal credit rating, including performing, underperforming, not performing and write off. The information about the ECL for the loan receivables as at 31 December 2020 is summarised below. After considering the above factors, a loss allowance of HK$7,300,000 (2019: HK$7,795,000) has been made as of 31 December 2020.

At 31 December 2020

Internal credit rating	**Gross carrying amount** *HK$'000*	**ECL**	**Loss allowance** *HK$'000*	**Net carrying amount** *HK$'000*
Performing (Note i)	**319,114**	**12-month**	**7,300**	**311,814**

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loan receivables (Continued)

At 31 December 2019

Internal credit rating	Gross carrying amount *HK$'000*	ECL	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Performing (Note i)	38,645	12-month	804	37,841
Underperforming (Note ii)	56,272	Lifetime	6,991	49,281
	94,917		7,795	87,122

Note:

(i) Performing (Normal Credit Quality) refers to the loans that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.

(ii) Underperforming (Significant Increase in Credit Risk) refers to the loans that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.

Ageing analysis

Ageing analysis of loan receivables (net of loss allowance) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Less than 1 month	**256,622**	11,776
1 to 3 months	**29,355**	—
4 to 6 months	**4,956**	24,012
Over 12 months	**20,881**	51,334
At the end of the reporting period	**311,814**	87,122

Ageing analysis of loan receivables (net of loss allowance) prepared based on contractual due date is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Not yet past due	**311,814**	87,122

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

Loan receivables (Continued)

As at 31 December 2020, the Group recognised loss allowance of HK$7,300,000 (2019: HK$7,795,000) on its loan receivables. The movement in the loss allowance for loan receivables during the year is summarised below.

	2020			2019		
	12-month ECL Performing *HK$'000*	Lifetime ECL Under-performing *HK$'000*	Total *HK$'000*	12-month ECL Performing *HK$'000*	Lifetime ECL Under-performing *HK$'000*	Total *HK$'000*
At the beginning of the reporting period	804	6,991	7,795	5,912	—	5,912
Increase (Decrease) in allowance	6,537	—	6,537	(4,239)	6,991	2,752
Reversal of allowance upon recovery of loan	(41)	(6,991)	(7,032)	(869)	—	(869)
At the end of the reporting period	7,300	—	7,300	804	6,991	7,795

For the year ended 31 December 2019, one of the loans had a significant increase in credit risk and was considered to classify as Under-Performing for which the Lifetime ECL was recognised. The significant increase in credit risk refers to increase in rate for exposure at default due to the deterioration of financial performance of the borrower. The loan was recovered in current year.

The management closely monitor the credit quality of the loans and there are no indications that the loan receivables neither past due nor impaired will be uncollectible.

Debt investments at amortised cost, rental receivables and other receivables

The Group considers that debt investments at amortised cost, rental receivables and other receivables, other than deposits with financial institutions, have low credit risk based on the debtors' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default, therefore, the credit risk associated with other receivables is minimal. No loss allowance was recognised for both years.

Deposits with financial institution

The credit risk on bank balances — trust and segregated accounts and cash and cash equivalents is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowance was recognised for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2020

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both principal and interest cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity risk tables

	On demand or less than 3 months	**3 to less than 12 months**	**1 to 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2020**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
2020					
Non-derivative financial liabilities					
Trade and other payables	**169,822**	**—**	**1,690**	**171,512**	**171,512**
Lease liabilities	**348**	**1,726**	**4,034**	**6,108**	**5,772**
Interest bearing borrowings	**275,664**	**—**	**—**	**275,664**	**275,664**
	445,834	**1,726**	**5,724**	**453,284**	**452,948**

	On demand or less than 3 months	3 to less than 12 months	1 to 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2019					
Non-derivative financial liabilities					
Trade and other payables	63,237	—	1,944	65,181	65,181
Lease liabilities	568	1,668	724	2,960	2,800
Interest bearing borrowings	222,937	—	—	222,937	186,875
	286,742	1,668	2,668	291,078	254,856

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Year ended 31 December 2020

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

The interest-bearing borrowings would be repaid according to the following schedule as set out in the loan agreement:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**17,088**	15,064
Over one year but within two years	**18,270**	15,252
Over two years but within five years	**263,125**	192,621
	298,483	222,937

39. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

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

- Level 3 (lowest level): unobservable inputs for the asset or liability.

39. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Fair value of the Group's financial assets that are measured at fair value

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs
	2020	2019		
1) Investments in listed equity securities classified as financial assets at FVPL	**Listed equity securities in: — Hong Kong HK$27,922,000**	Listed equity securities in: — Hong Kong HK$505,618,000	Level 1	Quoted bid prices in an active market
2) Contingent consideration receivable	**HK$Nil**	N/A	Level 3	**Valuation technique** Income approach **Key inputs** Projected net profits for the year ending 31 December 2021 Probability for scenarios

There were no transfers between Level 1 and Level 2 fair value measurements. The movement in the Level 3 fair value measurements since 1 January 2020 was addition of contingent consideration of HK$3,000,000 arose from acquisition of a subsidiary and decrease in fair value of contingent consideration of HK$3,000,000, which has been recorded in profit or loss. The details of the financial assets at FVPL and contingent consideration receivable are set out in note 23 and note 18 to the consolidated financial statements respectively.

(b) Fair value of the Group's financial assets and financial liabilities carried at other than fair value

The management of the Group estimates the fair value of its financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis. The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their fair values.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(Continued)*

Under the continuous net settlement arrangement, money obligations receivable and payable with HKSCC due to or from the Group entities on the same settlement date are settled on a net basis. The Group has legally enforceable right to set off the amounts of receivables and payables with margin clients that are due to be settled on the same date.

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Accounts receivable arising from the business dealing in securities, options and futures contracts	679,590	(579)	679,011	—	(673,832)	5,179

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Accounts payables arising from the business dealing in securities, options and futures contracts	166,717	(3,519)	163,198	—	—	163,198

40. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS *(Continued)*

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2019						
Accounts receivable arising from the business dealing in securities, options and futures contracts	281,637	(28,357)	253,280	—	(247,719)	5,561

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amount not set off in the consolidated statement of financial position		
				Financial instruments	Collateral pledged	Net amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2019						
Accounts payables arising from the business dealing in securities, options and futures contracts	85,933	(28,357)	57,576	—	—	57,576

The amounts which have been offset against the related recognised financial assets and financial liabilities in the Group's consolidated statement of financial position are measured on the same basis as the recognised financial assets and financial liabilities, which is amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2020		2019		
			Directly	**Indirectly**	Directly	Indirectly	
Akron Corporate Finance Limited	Hong Kong	HK$500,000	**—**	**100**	N/A	N/A	Advising on corporate finance
August Estate Limited	British Virgin Islands/ Hong Kong	US$2	**—**	**100**	—	100	Property leasing
Briscoe Wong Advisory Limited	Hong Kong	HK$10	**—**	**100**	N/A	N/A	Corporate advisory services
Green River Associates Limited (formerly known as Planetree Treasury Limited)	British Virgin Islands/ Hong Kong	HK$1	**—**	**100**	—	100	Investment holding
ISL Investments Limited	Hong Kong	HK$125,298,484	**—**	**65**	—	71.43	Property holding
Jumbo Hall International Limited	Hong Kong	HK$2	**—**	**65**	N/A	N/A	Property holding
Maxlord Enterprises Limited	Hong Kong	HK$110,270,210	**—**	**100**	—	100	Money lending
Planetree (Cayman) Capital Limited (formerly known as Liberty Capital Limited)	Cayman Islands	US$3,700	**—**	**100**	—	71.43	Investment holding
Planetree Asset Management Limited	Hong Kong	HK$554,000,000	**—**	**100**	—	71.43	Asset management

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company				Principal activities
			2020		2019		
			Directly	Indirectly	Directly	Indirectly	
Planetree Cayman Limited ("Planetree Cayman")	Cayman Islands	US$1	**100**	**—**	100	—	Investment holding
Planetree Finance Limited	Hong Kong	HK$1	**—**	**100**	—	100	Money lending
Planetree Futures Limited (formerly known as Liberty Futures Limited)	Hong Kong	HK$22,000,000	**—**	**100**	—	71.43	Dealing in future contracts
Planetree Management Limited	Hong Kong	HK$1	**—**	**100**	—	100	Corporate management
Planetree Securities Limited (formerly known as Liberty Securities Limited)	Hong Kong	HK$500,000,000	**—**	**100**	—	71.43	Securities brokerage and financial services
Regulator Holdings Limited	British Virgin Islands/ Hong Kong	US$1	**—**	**100**	—	100	Securities investment
Sharp Light International Limited	Hong Kong	HK$1	**—**	**100**	—	100	Property leasing
Senico Investments Limited	British Virgin Islands/ Hong Kong	US$2	**—**	**100**	—	100	Securities investment
Top Insight Holdings Limited	British Virgin Islands/ Hong Kong	US$1,000	**—**	**65**	—	71.43	Investment holding
Yugang International (B.V.I.) Limited	British Virgin Islands	US$5	**100**	**—**	100	—	Investment holding
Yugang Management Limited	Hong Kong	HK$2	**—**	**100**	—	100	Corporate management

The above list includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or assets and liabilities of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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Year ended 31 December 2020

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating to each of the non-wholly owned subsidiaries that has material NCI. The summarised financial information represents amounts before inter-company eliminations.

	Top Insight Group *HK$'000*
At 31 December 2020	
Proportion of NCI's ownership interests	**35%**
Non-current assets	**227,798**
Current assets	**93,357**
Current liabilities	**(4,516)**
Non-current liabilities	**(92,900)**
Net assets	**223,739**
Carrying amount of NCI	**78,309**
Year ended 31 December 2020	
Revenue	**1,006**
Expenses	**(7,339)**
Loss for the year	**(6,333)**
Other comprehensive income	**—**
Total comprehensive loss	**(6,333)**
Loss attributable to NCI	**(2,217)**
Other comprehensive income attributable to NCI	**—**
Total comprehensive loss attributable to NCI	**(2,217)**
Net cash flows (used in) from:	
Operating activities	**1,065**
Investing activities	**(90,000)**
Financing activities	**(1,900)**

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Year ended 31 December 2020

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI") *(Continued)*

	Liberty Group *HK$'000*
At 31 December 2019	
Proportion of NCI's ownership interests	28.57%
Non-current assets	187,862
Current assets	513,666
Current liabilities	(303,289)
Non-current liabilities	(1,073)
Net assets	397,166
Carrying amount of NCI	113,476
Year ended 31 December 2019	
Revenue	1,461
Expenses	(5,789)
Loss for the year	(4,328)
Other comprehensive income	—
Total comprehensive loss	(4,328)
Loss attributable to NCI	(1,237)
Other comprehensive income attributable to NCI	—
Total comprehensive loss attributable to NCI	(1,237)
Net cash flows (used in) from:	
Operating activities	(242,014)
Investing activities	—
Financing activities	118,133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	2020 *HK$'000*	2019 *HK$'000*
Non-current assets			
Interests in subsidiaries	(a)	**993,778**	1,000,243
Intangible assets		**5,000**	—
		998,778	1,000,243
Current assets			
Prepayments		**191**	635
Cash and cash equivalents		**8,100**	525
		8,291	1,160
Current liabilities			
Other payables and accruals		**543**	2,491
Tax payable		**133**	—
		676	2,491
Net current assets (liabilities)		**7,615**	(1,331)
NET ASSETS		**1,006,393**	998,912
Capital and reserves			
Share capital	29	**93,953**	93,053
Reserves	(b)	**912,440**	905,859
TOTAL EQUITY		**1,006,393**	998,912

This statement of financial position was approved and authorised for issue by the Board of Directors on 19 March 2021 and is signed on its behalf by:

Man Wai Chuen
Director

Cheung Ka Yee
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

(a) Interests in subsidiaries

Information about the interests in subsidiaries of the Company at the end of the reporting period is as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Unlisted shares, at cost	**105,759**	105,759
Amounts due from subsidiaries	**888,019**	894,484
	993,778	1,000,243

The amounts due from subsidiaries included in the interests in subsidiaries above are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, the advance is considered as quasi-equity loan to the subsidiaries.

(b) Movement of the reserves

	Share premium *HK$'000*	**Share option reserve** *HK$'000*	**Share award reserve** *HK$'000*	**Retained earnings (Accumulated losses)** *HK$'000*	**Total** *HK$'000*
At 1 January 2019	907,280	—	—	10,311	917,591
Loss and total comprehensive loss for the year	—	—	—	(11,732)	(11,732)
At 31 December 2019 and 1 January 2020	907,280	—	—	(1,421)	905,859
Loss and total comprehensive loss for the year	—	—	—	(52,005)	(52,005)
Transactions with owners:					
Contributions and distributions					
Recognition of equity-settled share-based payments	—	50,936	2,310	—	53,246
Shares vested under the share award scheme	2,010	—	(2,310)	—	(300)
Equity-settled share-based payments on acquisition of a subsidiary	5,640	—	—	—	5,640
	7,650	50,936	—	—	58,586
Change in ownership interests					
Cancellation of share options	—	(50,936)	—	50,936	—
At 31 December 2020	**914,930**	**—**	**—**	**(2,490)**	**912,440**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

43. EVENT AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in these consolidated financial statements, the Group had the following subsequent event:

On 9 March 2021, Maxlord Enterprises Limited ("Maxlord"), a wholly owned subsidiary of the Group, entered into a subscription agreement (the "Subscription Agreement") with an independent third party (the "Subscriber"). Pursuant to the Subscription Agreement, Maxlord agreed to allot and issue and the Subscriber agreed to subscribe 10,000 shares of Maxlord (the "Subscription Shares"), representing one-third (approximately 33.3%) of the enlarged share capital of Maxlord, at a consideration of HK$100,000,000 (the "Subscription"). Besides, the Subscriber has been granted an option to further subscribe 10,000 option shares (the "Option Shares") at the subscription price of HK$100,000,000 (the "Option").

The Option Shares, if the Option is exercised, together with the Subscription Shares, would represent 50% of the enlarged issued share capital of Maxlord as enlarged by the issuance of the Subscription Shares and the Option Shares. In such event when the Group's equity interest in Maxlord decreasing to 50%, Maxlord will then change from a subsidiary to a joint venture of the Group.

Immediately prior to completion of the Subscription, the net asset value of Maxlord as at 9 March 2021 was HK$200,000,000.

44. COMPARATIVE FIGURES

Conforming to current year's presentation, revenue for the year ended 31 December 2019 has been represented and disaggregated in the consolidated statement of profit or loss and other comprehensive income.

Particulars of Properties

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
1/F and 11/F, China United Centre, No. 28 Marble Road, North Point, Hong Kong	Commercial	Long-term	100%
12/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong	Commercial	Long-term	65%

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
REVENUE	**176,776**	5,818	65,958	34,293	30,114
PROFIT BEFORE TAXATION	**49,307**	28,037	90,366	142,785	26,034
Income tax (expense)/credit	**(8,464)**	(6,962)	18,814	(15,280)	(4,186)
PROFIT FOR THE YEAR	**40,843**	21,075	109,180	127,505	21,848

ASSETS AND LIABILITIES

	At 31 December				
	2020	2019	2018	2017	2016
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*	*HKD'000*
TOTAL ASSETS	**2,309,124**	2,040,457	1,646,845	2,831,197	2,849,037
TOTAL LIABILITIES	**(465,395)**	(263,769)	(14,466)	(39,193)	(57,620)
	1,843,729	1,776,688	1,632,379	2,792,004	2,791,417