未來發展控股有限公司
Prosperous Future Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1259

2020
ANNUAL REPORT

CONTENTS

This annual report, in both English and Chinese versions, is available on the Company's website at www.pfh.hk.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Branch Share Registrar and Transfer Office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this annual report since both languages are bound together into one booklet.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Tsai Wallen *(Chairman)*
Mr. Lau Ka Ho *(Chief Executive Officer)*
Mr. Chan Hoi Tik *(Chief Financial Officer)*
Mr. Fok King Man Ronald *(Chief Investment Officer)*
(appointed on 8 January 2021)

Non-executive Directors

Mr. Li Zhouxin
Mr. Sze Wine Him Jaime
(appointed on 3 August 2020)

Independent Non-executive Directors

Ms. Chan Sze Man
Mr. Ma Kwun Yung Stephen
Ms. Bu Yanan

BOARD COMMITTEES

Audit Committee

Ms. Chan Sze Man *(Chairman)*
Mr. Ma Kwun Yung Stephen
Ms. Bu Yanan

Nomination Committee

Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan
Mr. Lau Ka Ho

Remuneration Committee

Mr. Ma Kwun Yung Stephen *(Chairman)*
Ms. Chan Sze Man
Mr. Lau Ka Ho

Executive Committee

Mr. Tsai Wallen *(Chairman)*
Mr. Lau Ka Ho
Mr. Chan Hoi Tik
Mr. Fok King Man Ronald
(appointed on 8 January 2021)

Investment and Credit Committee

Mr. Lau Ka Ho *(Chairman)*
(appointed on 8 January 2021)
Mr. Tsai Wallen *(appointed on 8 January 2021)*
Mr. Fok King Man Ronald
(appointed on 8 January 2021)

COMPANY SECRETARY

Mr. Chan Hoi Tik *(resigned on 8 January 2021)*
Mr. Li Kin Ping *(appointed on 8 January 2021)*

AUDITOR

CCTH CPA Limited

PRINCIPAL BANKERS

Agricultural Bank of China Limited – Zhangzhou Branch
Bank of Communications (Hong Kong) Limited
Bank of Communications Limited – Hong Kong Branch

STOCK CODE

1259

COMPANY WEBSITE

www.pfh.hk

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F., Fung House,
Nos. 19-20 Connaught Road Central, Central,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 8, North Wuqiao Road
Lantian Economic Development Zone
Zhangzhou City, Fujian Province
The People's Republic of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3,
Building D, P.O. Box 1586,
Gardenia Court, Camana Bay,
Grand Cayman, KY-1100,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Prosperous Future Holdings Limited (the "Company", together with its subsidiaries, the "Group", stock code: 1259.HK), I would like to extend my sincere gratitude to all shareholders and all sectors of the community for your constant support, and present the financial results and operating performance of the Group for the year ended 31 December 2020 (the "Reporting Period") to the shareholders.

For the year ended 31 December 2020, the revenue of the Group's continuing operations was approximately RMB1,175.0 million, representing an increase of approximately 41.5% from RMB830.2 million for the year ended 31 December 2019. Loss attributable to equity holders of continuing operations of the Company amounted to approximately RMB33.9 million as compared to loss of RMB73.4 million for the corresponding period in 2019; basic loss per share attributable to equity holders of the Company was RMB1.9 cents as compared to basic loss per share of RMB4.6 cents for the corresponding period in 2019.

Looking forward in 2021, the Group will continue to strengthen, develop and diversify its business portfolio in a sustainable manner. In light of the slowdown of the economy in the PRC, the intensified conflicts in international trade and volatility in the stock markets, the Group will continue to adopt a prudent approach for the development of its businesses, including manufacturing and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

On behalf of the Board, I would like to take this opportunity to express my gratitude to all of our employees and the management for their hard work and contribution in the past year. I would also like to extend my appreciation again to all our shareholders for your support, as well as your kind understanding and recognition of the Group's future development plan.

Prosperous Future Holdings Limited
Mr. Tsai Wallen
Chairman

29 March 2021

The principal activity of Prosperous Future Holdings Limited (the "Company", together with its subsidiaries, the "Group") is investment holding. The Group is principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

During the year ended 31 December 2019, the Group discontinued its operation of online platform.

BUSINESS REVIEW

Continuing operations:

Personal Care Products

During the year ended 31 December 2020 (the "Reporting Period"), the Group's business segment of personal care products contributed a total revenue of approximately RMB736.9 million, representing an increase of about 40.5% over the same period of last year (31 December 2019: RMB524.5 million). The increase in the turnover was mainly due to increase in demand of anti-epidemic products during the outbreak of the coronavirus ("COVID-19") pandemic since early 2020. The Group's anti-epidemic products contributed a total revenue of RMB142.3 million during the Reporting Period (31 December 2019: Nil).

If the revenue from the anti-epidemic products are excluded, the personal care products contributed a total revenue of approximately RMB594.6 million, representing an increase of about 13.4% over the same period of last year (31 December 2019: RMB524.5 million).

The total gross profit for personal care products business was approximately RMB161.1 million for the Reporting Period, representing an increase of approximately 72.1% as compared with approximately RMB93.6 million for the year ended 31 December 2019. Gross profit margin increased to approximately 21.9%, representing an increase of approximately 4.1% compared with the same period of last year. The increase is mainly due to the outbreak of the COVID-19 pandemic, which led to a sudden surge in demand for anti-epidemic products during the Reporting Period.

The Group's anti-epidemic products contributed a total gross profit of RMB36.7 million during the Reporting Period (31 December 2019: Nil).

If the gross profit from the anti-epidemic products are excluded, the personal care products contributed a total gross profit of approximately RMB124.4 million, representing an increase of about 32.9% over the same period of last year (31 December 2019: RMB93.6 million). Gross profit margin increased to approximately 20.9%, representing an increase of approximately 3.1% compared with the same period of last year.

The personal care products business recorded a loss of approximately RMB17.6 million during the Reporting Period as compared with loss of approximately RMB38.5 million for the year ended 31 December 2019. The decrease in loss is mainly due to increase in demand for anti-epidemic products during the outbreak of the COVID-19 pandemic since early 2020.

In the past few months, there has been a significant reduction in the number of COVID-19 cases around the world, including in Hong Kong. The main reasons for the reduction in COVID-19 cases include the success of social distancing measures implemented by various Government, greater public awareness of COVID-19 as well as the use of anti-epidemic products such as face masks and alcohol-based hand rub by the general public and the implementation of vaccine rollouts around the world.

Based on the latest information available to the Company, it is expected that the trend of decreasing number of COVID-19 cases will continue for the remainder of 2021 and that there will be a gradual recovery of the economy in 2021. In view of the above, the Company expects that there will be a significant decline in both the demand for anti-epidemic products and revenue generated from sales of anti-epidemic products for the year ending 31 December 2021 as compared with the Reporting Period.

Provision of Food and Beverage Services

The Group's provision of food and beverage services business has recorded steady growth since its acquisition of Real Power International Group Limited in March 2019 and China Cold Chain Co. Limited in June 2019.

During the Reporting Period, the Group's business segment of provision of food and beverage services business contributed a total revenue of approximately RMB370.5 million to the Group, representing an increase of about 98.8% over the same period of last year (31 December 2019: RMB186.4 million). The increase in the turnover was mainly due to increase the demand for frozen foods such as meat and poultry for families in Hong Kong in response to the social-distancing measures and restrictions on restaurants dine-in services imposed by the government from time to time due to the COVID-19 pandemic.

The provision of food and beverage services business recorded a segment profit of approximately RMB10.1 million during the Reporting Period (31 December 2019: RMB5.7 million).

Provision of Financial Services

The Group's provision of financial services business has recorded steady growth since its acquisitions of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI") and its subsidiaries in April 2020 and acquisitions of Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited) ("FGFS") and Future Growth Asset Management Limited (formerly known as Goldenway Asset Management Limited) ("FGAM") in October 2020.

The Group's provision of financial services includes provision of professional services, provision of dealing in securities and futures contracts, advising on securities and asset management services.

During the Reporting Period, the Group's business segment of provision of financial services business contributed a total revenue of approximately RMB31.1 million to the Group (31 December 2019: Nil).

The provision of financial services business recorded a segment profit of approximately RMB9.0 million during the Reporting Period (31 December 2019: Nil).

Securities Investment

During the Reporting Period, the Group's business segment of securities investment contributed a total revenue of approximately RMB12.1 million to the Group (31 December 2019: Nil).

The Group's securities investment business includes investment in listed securities and private unlisted fund for long-term purposes which are classified as financial assets at fair value through other comprehensive income and equity-link investments, bond investment and other unlisted investments which are classified as financial assets at fair value through profit and loss.

As at 31 December 2020, the Group had a portfolio of securities investment of approximately RMB6.8 million, all of which were equity securities listed in Hong Kong and New York, unlisted investment fund of approximately RMB20.5 million, bond investment of approximately RMB3.5 million and other unlisted investments of approximately RMB33.6 million.

Details of the investment performance during the Reporting Period in respect of equity securities listed in Hong Kong and New York and the unlisted fund held by the Group are as follows:

				Movement for the year							
Name of the investments	% to the total assets of the Group as at 1 January 2020 %	% to the interest in the respective investments as at 1 January 2020 %	Fair value as at 1 January 2020 RMB'000	Additions RMB'000	Disposal RMB'000	Change on fair value RMB'000	Exchange on realignment RMB'000	Fair value as at 31 December 2020 RMB'000	% to the total assets of the Group as at 31 December 2020 %	% to the interest in the respective investments as at 31 December 2020 %	Realised gain/(loss) on investments RMB'000
Listed securities in Hong Kong											
International Entertainment Corporation (1009)	0.62	0.92	6,777	–	–	(1,124)	(334)	5,319	0.37	0.97	–
Gain Plus Holdings Limited (9900)	0.05	0.34	576	–	–	(142)	(27)	407	0.03	0.34	–
AL Group Limited (8360)	–	–	–	721	–	409	(60)	1,070	0.07	2.51	–
China Railway Construction Corporation Limited (1186)	–	–	–	1,780	(1,542)	(238)	–	–	–	–	(238)
CNOOC Limited (883)	–	–	–	3,116	(3,072)	(44)	–	–	–	–	(44)
Hengan International Group Company Limited (1044)	–	–	–	2,185	(2,158)	(27)	–	–	–	–	(27)
Vinda International Holdings Limited (3331)	–	–	–	3,114	(2,614)	(500)	–	–	–	–	(500)
Listed securities in New York Stock Exchange											
Occidental Petroleum Corporation (OXY)	–	–	–	3,450	(5,491)	2,041	–	–	–	–	2,041
			7,353	14,366	(14,877)	375	(421)	6,796			1,232
Unlisted fund											
Head and shoulders Global investment Fund SFC	2.30	N/A	25,211	–	–	(3,479)	(1,279)	20,453	1.43	N/A	N/A
Total			32,564	14,366	(14,877)	(3,104)	(1,700)	27,249			1,232

The securities investment business recorded a segment profit of approximately RMB10.6 million (31 December 2019: segment loss of approximately RMB61,000).

The Group will continue to be cautious in making new investments and trading of financial assets under current economic environment amid the intensified conflicts in the international trade and volatility in the stock markets and will strive to maintain and grow its portfolio value in future.

Financing Business

The Group's financing business includes the money lending, provision of finance lease and factoring business. The Group's provision of finance lease and factoring business have commenced since June 2020 and July 2020.

During the Reporting Period, the Group's business segment of financing business contributed a total revenue of approximately RMB13.8 million, representing a decrease of about 52.3% over the same period of last year (31 December 2019: RMB29.0 million) and recorded a segment profit of approximately RMB0.6 million during the Reporting Period (31 December 2019: segment loss of approximately RMB2.7 million).

The loan and interest receivables of approximately RMB7.4 million was written off during the Reporting Period (31 December 2019: RMB12.6 million).

A reversal of impairment loss on loan and interest receivables of approximately RMB2.6 million was recognised during the Reporting Period (provision for impairment loss for 31 December 2019: approximately RMB4.6 million).

An impairment loss on finance lease receivables of approximately RMB2.9 million was provided during the Reporting Period (31 December 2019: Nil).

As at 31 December 2020, the Group has outstanding (i) unsecured loan of approximately RMB19.5 million with average effective interest rate of approximately 20.1% per annum with terms ranging from 12 to 120 months; and (ii) mortgage loan of approximately RMB14.5 million with average effective interest rate of approximately 13.5% per annum with terms ranging from 1 to 12 months. The mortgage loans granted by the Group were typically secured by mortgages, charge on shares or assets. In the event of default or failure to repay any outstanding amounts by the debtors, the Group has the right to proceed with sale of collaterals; (iii) finance lease receivables of approximately RMB35.0 million with average effective interest rate of approximately 39.9% per annum with terms ranging from 3 to 36 months and (iv) factoring receivables of approximately RMB3.2 million with average effect interest rate of approximately 21.7% per annum with terms of 24 months.

Properties Holding

During the Reporting Period, the Group did not record any revenue from the business segment of properties holding business (31 December 2019: RMB0.8 million).

The properties holding business recorded a segment loss of approximately RMB16.5 million (31 December 2019: RMB31.7 million).

An impairment loss on properties for development of approximately RMB11.1 million was provided during the Reporting Period (31 December 2019: RMB26.5 million).

The loss on change in fair value of investment properties of approximately RMB4.5 million was provided during the Reporting Period (31 December 2019: RMB6.1 million).

Trading of Commodities

During the Reporting Period, the Group's business segment of trading of commodities contributed a total revenue of approximately RMB10.7 million to the Group, representing a decrease of about 88.1% over the same period of last year (31 December 2019: RMB89.6 million), which was mainly due to Group's business strategy to focus on the development of other more promising business segments.

During the Reporting Period, the Group's trading of commodities business recorded a loss of approximately RMB1.7 million (31 December 2019: RMB22.4 million).

Discontinued Operations:

Operation of Online Platform

The operation of online platform segment was disposed by the Group during the prior year ended 31 December 2019 and is regarded discontinued operations. During the Reporting Period, the Group did not record any revenue from the discontinued operations.

The Group's business segment of operation of online platform contributed a total revenue of approximately RMB6.6 million to the Group and recorded a profit of approximately RMB6.6 million for the prior year ended 31 December 2019.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group's continuing operations was approximately RMB1,175.0 million, representing an increase of about 41.5% over the same period of last year (for the year ended 31 December 2019: RMB830.2 million).

During the Reporting Period, no revenue was recorded for the Group's discontinued operations (for the year ended 31 December 2019: RMB6.6 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group's continuing operations for the Reporting Period was approximately RMB255.0 million, representing an increase of about 100.0% as compared with the gross profit of approximately RMB127.5 million for the year ended 31 December 2019. The increase in the gross profit was mainly due to increase in demand of personal care products business and food and beverage business and decrease in the gross loss for trading of commodities business.

During the Reporting Period, the gross profit margin of continuing operations increased by approximately 6.3% over the same period of last year to approximately 21.7% (for the year ended 31 December 2019: 15.4%). The increase in overall gross profit margin was primarily due to the improvement of the gross profit margin for the personal care products business and food and beverage business and decrease in the gross loss for trading of commodities business.

The total gross profit for personal care products business was approximately RMB161.1 million for the Reporting Period, representing an increase of approximately 72.1% as compared with approximately RMB93.6 million for the year ended 31 December 2019. Gross profit margin increased to approximately 21.9%, representing an increase of approximately 4.0% compared with the same period of last year. The increase is mainly due to the outbreak of the COVID-19.

The gross profit for the provision of food and beverage services business for the Reporting Period was approximately RMB48.0 million (for the year ended 31 December 2019: RMB25.5 million). Gross profit margin was approximately 13.0%, representing a decrease of approximately 0.7% compared with the same period of last year.

The gross profit of provision of financial services business for the Reporting Period was approximately RMB21.3 million (for the year ended 31 December 2019: Nil).

The gross profit for securities investment business for the Reporting Period was approximately RMB12.0 million (for the year ended 31 December 2019: Nil).

The gross profit for financing business for the Reporting Period was approximately RMB13.0 million (for the year ended 31 December 2019: RMB29.0 million).

The Group did not record any gross profit for properties holding business for the Reporting Period (gross profit for the year ended 31 December 2019: RMB0.8 million).

The gross loss for trading of commodities business for the Reporting Period was approximately RMB0.4 million (for the year ended 31 December 2019: RMB21.4 million).

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of advertising expenses, marketing and promotion expenses, transportation expenses and other expenses. Selling and distribution expenses amounted to approximately RMB88.2 million for the Reporting Period, representing an increase of about 30.7% as compared with approximately RMB67.5 million for the year ended 31 December 2019. The increase was mainly due to increase of the revenue of personal care products business and provision of food and beverage business.

The selling and distribution expenses accounted for approximately 7.5% of the revenue during the Reporting Period (for the year ended 31 December 2019: 8.1%), among which, advertising and promotion expenses, as a percentage of revenue, decreased from approximately 1.8% for the year ended 31 December 2019 to approximately 0.9% for Reporting Period. The transportation expenses and other expenses, as a percentage of revenue, decreased by approximately 0.8% to approximately 2.9% for the Reporting Period as compared with the same period of 2019 (for the year ended 31 December 2019: 3.7%).

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, depreciation, research and development and other expenses. Administrative expenses of the Group amounted to approximately RMB161.9 million for the Reporting Period (for the year ended 31 December 2019: RMB124.1 million), representing an increase of approximately 30.5% over the same period of last year. The increase was mainly due to (i) increase in research and development expenses; (ii) increase in wages and salaries due to acquisition of Ayasa Globo BVI; and (iii) additional exchange loss due to appreciation of RMB during the Reporting Period.

Administrative expenses accounted for approximately 13.8% of the Group's revenue for the Reporting Period (for the year ended 31 December 2019: 14.9%).

Finance Costs

The Group had finance costs of approximately RMB4.7 million for the Reporting Period (for the year ended 31 December 2019: RMB4.8 million).

Acquisition of Subsidiaries

On 23 January 2020, Bloom Team Development Limited, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of FGFS and FGAM at the consideration of HK$26.4 million and HK$1.6 million respectively. Completion of the said acquisition took place on 14 October 2020. Details of the acquisitions are set out in the Company's announcements dated 23 January 2020, 30 July 2020 and 14 October 2020.

On 20 March 2020, Pursuing Future Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the acquisition agreement with AG Holding Group Limited as the vendor pursuant to which Pursuing Future Limited agreed to acquire and AG Holding Group Limited agreed to sell 60% of the issued shares in Ayasa Globo BVI at a total consideration of HK$42.0 million. Ayasa Globo BVI and its subsidiaries are principally engaged in investment holdings, the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the said acquisition took place on 29 April 2020. For details of the said acquisition, please refer to the Company's announcements dated 20 March 2020, 27 March 2020, 17 April 2020 and 29 April 2020.

On 1 March 2019, the Company as purchaser, and Pine Victory Limited ("Pine Victory"), a company incorporated in Hong Kong with limited liability, as vendor, entered into a sale and purchase agreement pursuant to which Pine Victory has conditionally agreed to sell and the Company has conditionally agreed to acquire the remaining 80% of the entire issued share capital of Real Power International Group Limited ("Real Power").

Real Power was incorporated in the British Virgin Islands (the "BVI") with limited liability on 1 November 2018 and is an investment holding company. Real Power is interested in the entire issued share capital of Advance Global Food Limited ("Advance Global"), a company incorporated in Hong Kong with limited liability on 9 June 2017, and is primarily engaged in the trading of agriculture products in Hong Kong, i.e. frozen meats. The major products are frozen beef, pork and chicken related products.

Prior to completion of the said acquisition, the Company was interested in 20% of the entire issued share capital of Real Power. The sale and purchase agreement was completed on 29 May 2019. The consideration of the said acquisition was HK$42.0 million, of which HK$22.0 million was paid in cash and HK$20.0 million was settled by the Company allotting and issuing 200,000,000 consideration shares at the issue price of HK$0.10 each. Following completion, Real Power and its subsidiaries became wholly-owned subsidiaries of the Company. For details of the said acquisition, please refer the announcements dated 1 March 2019, 29 May 2019 and circular dated 30 April 2019 made by the Company.

On 4 June 2019, Powerful Force Limited ("Powerful Force"), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company as purchaser, and the independent third parties, as vendors, entered into a sale and purchase agreement.

Pursuant to the sale and purchase agreement, the vendors have agreed to sell and Powerful Force has agreed to acquire the entire issued share capital of China Cold Chain Co. Limited ("China Cold Chain"). China Cold Chain is principally engaged in the provision of frozen warehouse services. The said acquisition was completed on 4 June 2019. The consideration of the said acquisition was HK$0.8 million, which was paid in cash.

Disposal of Subsidiaries

On 27 February 2019, the Company, as borrower, and Frankinton Technology Limited ("Frankinton Technology"), as lender, entered into a facility agreement pursuant to which Frankinton Technology has agreed to grant a term loan facility of HK$100.0 million to the Company.

On 10 July 2019, the Company as vendor, and Frankinton Technology as purchaser entered into a disposal agreement in relation to the disposal of the entire issued share capital in Golden Virtue Investment Holdings Limited ("Golden Virtue") for a total consideration of HK$125.0 million.

The consideration would be satisfied on the completion date (i) as to an amount equivalent to the outstanding loan to be offset on a dollar-for-dollar basis; and (ii) the balance of the consideration upon the offset to be paid by Frankinton Technology in cash to the Company.

Golden Virtue is a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company. The principal business of Golden Virtue is investment holding. Golden Virtue indirectly hold Frog Prince (China), a properties holding company incorporated in the People's Republic of China (the "PRC") with limited liability.

The transaction was completed on 14 October 2019. Loan and interest payable of approximately HK$83.5 million had been offset to the consideration and the balance of HK$41.5 million was paid by Frankinton Technology in cash to the Company. Golden Virtue and its subsidiaries ceased to be subsidiaries of the Company and their financial result would no longer be consolidated into the Company's consolidated financial statements.

On 23 August 2019, the Company entered into a disposal agreement with Billionaire Asia Limited, an independent third party to dispose of 51% of the issued shares in Marvel Paramount Holdings Limited ("Marvel") for an aggregate cash consideration of HK$40.0 million. Marvel is a company incorporated in the BVI with limited liability. Marvel owns the entire equity interest in MyBB Media Limited, a company incorporated in Hong Kong with limited liability. Marvel and MyBB Media Limited (the "Disposal Group") is principally engaged in operation of online platform.

The transaction was completed on 8 October 2019. Upon completion, each member of the Disposal Group ceased to be a subsidiary of the Company and the financial results of the Disposal Group would no longer be consolidated into the Company's consolidated financial statements.

On 19 May 2020, Fujian Frog Prince Cosmetic Co., Limited (福建省青蛙王子化妝品有限公司) ("Frog Prince Cosmetic"), an indirect wholly-owned subsidiary of the Company, as vendor, and Beijing Huitongda Supply Chain Management Co., Limited (北京匯通達供應鏈管理有限公司) ("Beijing Huitongda"), as purchaser, entered into the equity transfer agreement (the "Equity Transfer Agreement"), pursuant to which Beijing Huitongda has conditionally agreed to acquire and Frog Prince Cosmetic has conditionally agreed to sell the entire issued share capital of Frog Prince (Fujian) Baby & Child Care Products Co., Limited (青蛙王子(福建)嬰童護理用品有限公司) ("Frog Prince (Fujian) Baby"), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company at the total consideration of RMB50.0 million.

As at the date of the Equity Transfer Agreement, Frog Prince (Fujian) Baby holds (i) 30% equity interest in Fujian Herun Supply Chain Management Co., Ltd. (福建和潤供應鏈管理有限公司), a company established in the PRC with limited liability and an associate of the Company; and (ii) the land and the industrial building located at No. 8 Wuqiao Bei Road, Lantian Economic Development Zone, Longwen District, Zhangzhou City, Fujian Province, the PRC.

The principal business of Frog Prince (Fujian) Baby is the design, manufacture and sales of children's personal care products (the "Personal Care Products") mainly in the PRC and the U.S. markets. The said disposal has been lapsed as at 31 December 2020. For details of the said proposed disposal, please refer to the Company's announcement dated 19 May 2020, 28 September 2020 and 24 November 2020.

Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately RMB33.9 million as compared with loss attributable to equity holders of the Company of approximately RMB48.4 million for the year ended 31 December 2019. The net loss margin was approximately 2.9% as compared with the net loss margin of approximately 5.8% for the year ended 31 December 2019, with basic loss per share of approximately RMB1.9 cents (basic loss per share for the year ended 31 December 2019: RMB3.0 cents).

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure amounted to approximately RMB45.9 million (for the year ended 31 December 2019: RMB21.7 million), which was mainly used for renovation of our plants, consolidation work of our plants, offices and consolidation work of plants and warehouse and acquisition of new equipment.

Financial Resources and Liquidity

As at 31 December 2020, cash and bank balances of the Group amounted to approximately RMB359.2 million (31 December 2019: RMB414.1 million). The current ratio was 1.6 (31 December 2019: 2.8). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, developing the provision of food and beverage services business; secondly, developing the financing business, including but not limited to participation of financial leasing business in the PRC and developing lending business in oversea markets; and thirdly, pursuing of the potential acquisition and other investment.

Fundraising Activities of the Group

On 18 June 2019, the Company entered into the placing agreement with Merdeka Capital Limited ("Merdeka Capital") pursuant to which Merdeka Capital has conditionally agreed, as agent of the Company, to procure on a best effort basis to not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 220,000,000 placing shares at the placing price of HK$0.136 per placing share. Completion of the said placing took place on 15 July 2019 and 220,000,000 placing shares were placed to not less than six placees at the placing price of HK$0.136 per placing share.

The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the said placing, amounted to approximately HK$29.3 million, which was fully utilised for the purchase of inventories, namely frozen pork, beef and chicken related products, in connection with the Group's food and beverage services business and the balance to be utilised as intended. Details of the said placing are set out in the Company's announcements dated 18 June 2019 and 15 July 2019.

Loan and Interest Receivables

As at 31 December 2020, the Group's loan and interest receivables were approximately RMB34.0 million (31 December 2019: RMB79.9 million). During the period, the Group had provided loans of approximately RMB52.7 million (31 December 2019: RMB64.5 million), with an average annual interest rate of approximately 15.2% (31 December 2019: 21.2%).

A reversal of impairment loss on loan and interest receivables of approximately RMB2.6 million was made during the Reporting Period (provision for impairment loss for 31 December 2019: RMB4.6 million).

The loan and interest receivables of approximately RMB7.4 million was written off during the Reporting Period (31 December 2019: RMB12.6 million).

Finance Lease Receivables

As at 31 December 2020, the Group's finance lease receivables were approximately RMB35.0 million (31 December 2019: Nil). During the period, the Group had provided finance lease to the customers of approximately RMB43.2 million (31 December 2019: Nil), with an average interest rate of approximately 39.9% (31 December 2019: Nil).

Factoring Receivables

As at 31 December 2020, the Group's factoring receivables were approximately RMB3.2 million (31 December 2019: Nil). During the period, the Group had provided factoring to the customers of approximately RMB3.2 million (31 December 2019: Nil) with an average interest rate of approximately 21.7% (31 December 2019: Nil).

Trade Receivables

As at 31 December 2020, the Group's trade receivables were approximately RMB283.7 million (31 December 2019: RMB97.7 million). The Group usually grants a credit period of 30 to 180 days to our customers.

Trade and Bills Payables

As at 31 December 2020, trade and bills payables were approximately RMB356.8 million (31 December 2019: RMB104.3 million). The Group settled its payables within 30 to 180 days in general and kept good payment records.

Inventories

As at 31 December 2020, inventories of the Group were approximately RMB48.3 million (31 December 2019: RMB40.8 million). As at 31 December 2020, the inventory balance increased by approximately 18.2% over 31 December 2019.

Gearing Ratio

As at 31 December 2020, the current assets and total assets of the Group were approximately RMB1,059.6 million and RMB1,429.9 million respectively, the current liabilities and total liabilities of the Group were approximately RMB677.5 million and RMB706.6 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 49.4% (31 December 2019: 28.0%).

Bank and Other Borrowings

As at 31 December 2020,

(i) the Group had bank borrowings of approximately RMB50.0 million (31 December 2019: Nil) and facilities were provided to the Group with from banks in PRC with a guarantee from suppliers in the PRC;

(ii) the Group had other secured borrowings of approximately RMB108.1 million (31 December 2019: RMB87.0 million); and

(iii) the Group did not have other unsecured borrowings (31 December 2019: RMB10.0 million).

Pledge of Assets

As at 31 December 2020,

(i) the Group had pledged deposits of approximately RMB38.1 million (31 December 2019: RMB16.9 million) for short-term bank borrowings and bills payables;

(ii) investment properties of approximately RMB71.6 million (31 December 2019: RMB80.5 million) was pledged for other borrowings; and

(iii) certain shares of subsidiaries have been pledged for other borrowings (31 December 2019: certain shares of subsidiaries have been pledged for other borrowings).

Capital Structure

The major objective of the Group's capital management is to ensure the ability of sustainable operations and maintain a healthy capital ratio in order to support its businesses and maximise the interests of the shareholders (the "Shareholders") of the Company. The Group continued to emphasise the appropriate mix of equity and debt to ensure an efficient capital structure in order to reduce capital cost.

Risk of Foreign Exchange

The Group has no significant exposure to foreign currency risk because most of the Group's transactions are denominated in RMB. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent Liabilities

As at 31 December 2020 and 31 December 2019, the Group had no material contingent liabilities.

OUTLOOK

The Group will continue to strengthen, develop and diversify its business portfolio in a sustainable manner. In light of the outbreak of the COVID-19 pandemic, slowdown of the economy in the PRC, the intensified conflicts in the international trade and volatility in the stock markets, the Group will continue to adopt a prudent approach for the development of its businesses.

Following the completion of the acquisition of food and beverage services business, the Group had recorded steady growth in the financial performance of this business segment. The Directors consider that the prospect of the food and beverage service industry in Hong Kong to remain promising in the medium to long term. The Group also has a strong customer network, which mainly comprises of reputable branded chain-stores, hotel restaurants and supermarkets in Hong Kong. The Group is also seeking further investment opportunity of the provision of food and beverage services, including but not limited to purchase its own inventory storage if suitable opportunity arises and may further seek to form cooperation with reliable logistic specialist in order to lower inventory and transportation costs.

The Group is actively developing its provision of frozen warehouse services which forms part of the food and beverage services business. The Group, as tenant, had entered into the tenancy agreement with ATL Logistics Centre Hong Kong Limited, in relation to the lease of certain portion of a multi-storey container freight station located at Kwai Chung. The Group has developed its own frozen warehouse at the said premise and started operating at February 2020.

The Group is currently exploring potential opportunities to expand its financing business through participation of financial leasing business in the PRC. The Group is also seeking an opportunity to developing the financing business, including but not limited to developing financing business in the oversea markets.

The Group's provision of finance lease business and factoring business has commenced in June and July 2020.

Taking into account the economic uncertainty due to the COVID-19 pandemic, the volatile global economy and weak demand from customers, the Company anticipates that the operating environment for the Group's trading of commodities business will remain challenging. Hence, the Group will continue to adopt stringent cost control measures for this business segment.

The Group currently holds lands and properties located in Yuen Long, Hong Kong and an industrial property located at Cheung Sha Wan, Hong Kong. The Group is optimistic about the development of property market in Hong Kong due to the shortage in supply of land and therefore, has been identifying the potential property investment and development opportunities in Hong Kong. The Company plans to demolish the properties erected on the parcels of lands in Yuen Long, Hong Kong held by the Group and to redevelop such parcels of land. Relevant applications have been made to the Hong Kong Government in relation to the redevelopment of the said parcels of lands. To the best knowledge, information and belief of the Directors, there is no legal impediment in obtaining the relevant approval from the Hong Kong Government.

The Company had received reply letters from Hong Kong Lands Department requesting for additional information relating to the rebuilding application of Yuen Long properties. The Company is currently in the process of addressing the said reply letters. The Group is also seeking an opportunity to development its property holding business, including but not limited to Hong Kong, PRC or other oversea markets.

As part of its current strategic plans, the Group has been exploring opportunities to diversify its existing businesses into the financial services industry taking into account that: (a) the prospect of Hong Kong's financial services industry remains promising in light of Hong Kong's unique advantage of having close links with Mainland China and Hong Kong's role as the global hub for offshore RMB business; and (b) the Group's manufacture and sale of personal care products business had continuing recorded losses. The expansion of other existing businesses of the Group and the diversification into the financial services industry will enable the Group to enhance its overall financial performance in the future.

On 23 January 2020, the Group had entered into an acquisition agreement to acquire the remaining 90% of the issued shares in each of FGFS and FGAM. Completion of said acquisition took place on 14 October 2020. The Board considers that the said acquisition would enable the Group to diversify its existing business. Upon completion, the Group would be able to attain the relevant SFC licenses to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong, which could create a synergy effect and complement the growth of the Group existing money lending and investment in securities businesses. The Group is expected to take advantage of the future growth in capital markets and to broaden the Group's revenue base.

On 20 March 2020, the Group had entered into the sale and purchase agreement to acquire 60% of the issued shares in Ayasa Globo BVI, a company incorporated in the BVI with limited liability and principally engaged in investment holding. Ayasa Globo BVI holds the entire issued shares in Ayasa Globo Financial Services Limited ("Ayasa Globo") which is principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the acquisition of 60% equity interest in the Ayasa Globo BVI took place on 29 April 2020.

The Board considers that the acquisition would enable the Group to diversify its existing businesses into the financial services industry as well as broaden the Group's revenue base and enhance the Group's financial performance.

The Group will consider expanding its existing businesses and to diversify into other new businesses in order to improve the profitability of the Group and to enhance the interests of the Shareholders more effectively. The Group will consider from time to time of other investment opportunities. The Company will make an announcement according to the requirements of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as and when appropriate.

EMPLOYEES AND REMUNERATION

As at 31 December 2020, the Group employed 1,013 employees (as at 31 December 2019: 861 employees).

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. In addition to basic salaries, year-end bonuses may be rewarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatary Provident Fund Schemes Ordinance. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK$30,000 per employee.

Constituent companies of the Group established in the PRC are also subject to social insurance contribution plans required by the PRC government. In accordance with the relevant national and local labour and social welfare laws and regulations, constituent companies of the Group established in the PRC are required to pay on behalf of their employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and other relevant insurance.

In addition, a share option scheme was adopted by the Company in June 2011 and the limit of the share option scheme was refreshed in June 2019 to reward staff members who make contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

FINAL DIVIDEND

The Board has resolved not to declare any dividend in respect of the year ended 31 December 2020 (year ended 31 December 2019: Nil).

DIRECTORS, COMPANY SECRETARY AND SENIOR MANAGEMENT BIOGRAPHIES

DIRECTORS

Executive Directors

Mr. Tsai Wallen (蔡華綸), aged 61, was appointed as an executive director, chairman, chief executive officer, chairman of executive committee and member of investment and credit committee of the Company on 19 July 2016, 28 November 2016, 11 August 2017, 24 May 2019 and 8 January 2021 respectively. He resigned as the chief executive officer of the Company on 12 December 2018. He is currently the director of certain subsidiaries of the Group. Mr. Tsai started investing in Hong Kong stock market in 1993. Mr. Tsai has over 30 years of experience in realty, investment and timber business. Mr. Tsai graduated from San Francisco City College.

Mr. Lau Ka Ho (劉家豪), aged 42, was appointed as an executive director, chief financial officer, company secretary, member of nomination committee and member of executive committee of the Company on 24 May 2019. He was also appointed as the member of remuneration committee and chairman of investment and credit committee of the Company on 31 December 2019 and 8 January 2021 respectively. Mr. Lau had been re-designated from the position of Chief Financial Officer to the Chief Executive Officer and resigned as the Company Secretary on 31 December 2019. He is currently the director of certain subsidiaries of the Group. Mr. Lau holds a Master's degree in business administration from The University of Iowa and a Master's degree in corporate governance from The Open University of Hong Kong. Mr. Lau is a fellow member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. He is also a member of The Hong Kong Institute of Directors and holds a Diploma in Company Direction.

He has more than 15 years of experience in corporate management, corporate finance and corporate secretarial areas. Mr. Lau was previously the deputy chief financial officer and company secretary of Peace Map Holding Limited (Stock Code: 402) from April 2013 to November 2018 and the company secretary of AVIC International Holding (HK) Limited (Stock Code: 232) from May 2018 to December 2018, which are both listed on the Main Board of the Stock Exchange.

Mr. Lau was appointed as an independent non-executive director of International Entertainment Corporation (a company listed on the main board of Stock Exchange: stock code: 1009) on 1 June 2020.

He was also appointed as an executive director of Gain Plus Holdings Limited (a company listed on the main board of Stock Exchange: stock code: 9900) on 25 February 2021.

Mr. Chan Hoi Tik (陳凱廸), aged 38, was appointed as an executive director, company secretary, chief financial officer and member of executive committee of the Company on 31 December 2019. He has been the financial controller of the Company since 11 November 2019. Mr. Chan had been resigned as the company secretary on 8 January 2021. He is currently the director of certain subsidiaries of the Group. Mr. Chan holds a Bachelor's Degree in Accountancy and Law and a Master's Degree in Business Administration from the City University of Hong Kong and a Continuing Education Diploma in Tax Advisory. Before joining the Company, Mr. Chan had worked in international accounting firms and as financial management positions in a listed company and private companies. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England and Wales. He has over 15 years of experience in accounting and auditing fields.

Mr. Fok King Man Ronald (霍敬文), age 44, was appointed as an executive director, member of executive committee and member of investment and credit committee of the Company on 8 January 2021. He has been the chief investment officer of the Company since June 2020. He is currently the director of certain indirect wholly-owned subsidiaries of the Group. Mr. FOK graduated from University of Oxford with a master degree in engineering and computing science. Mr. FOK also hold an executive master of business administration of Chinese University of Hong Kong. He has more than 20 years of experience in investment banking, wealth management and asset management businesses. Upon graduation in 2000 and he joined UBS Investment Bank and held various positions in the equity derivatives division where his last position was Head of Asia Exotics Trading. He then joined the UBS Wealth Management in 2018 as Deputy Team Head supervising client advisors and serving clients from Greater China.

Non-executive Directors

Mr. Li Zhouxin (李周欣), aged 36, was appointed as an executive director of the Company on 27 January 2016 and re-designated to a non-executive Director with effect from 30 June 2017. He was the chief financial officer of the Company and resigned on 27 April 2017. Mr. Li joined the Group in November 2011. Mr. Li graduated from Fuzhou University with a bachelor degree in finance in 2007 and received an EMBA degree from the Hong Kong University of Science and Technology in June 2019. Mr. Li is a PRC certified public accountant (non-practising) and a certified management accountant recognised by Institute of Management Accountants of the United States of America. Mr. Li also holds a Certification in Risk Management Assurance accredited by The Institute of Internal Auditors. He is also the vice chairman of the 8th Executive Committee of the Youth Business Association of Fujian Province (福建省青年商會). Mr. Li holds 1,480,000 share options in the Company, representing approximately 0.08% of the issued share capital of the Company.

Mr. Li is now an independent non-executive director of OKG Technology Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 1499).

Mr. Sze Wine Him Jaime (施榮忻), aged 46, was appointed as a non-executive director of the Company on 3 August 2020. Mr. Sze has more than 25 years of experience in the investment industry. He is currently the investment director of Hang Tung Resources Holding Limited. He is also the Vice President of the 12th Committee of All-China Youth Federation, the Founding and Emeritus chairman of The Y.Elites Association, the member of Council of The Hong Kong Polytechnic University, the President and Honorary Chairman of Centum Charitas Foundation, the Co-Founding Chairman of the ACYF HK Members Association and the Director and Honorary Chairman of The Committee of Youth Activities in Hong Kong. In recognition of his valuable contribution to Hong Kong, he was appointed as a Justice of the Peace by the Hong Kong Special Administrative Region Government on 1 July 2014, and was awarded the Bronze Bauhinia Star on 1 July 2019.

Independent Non-executive Directors

Ms. Chan Sze Man (陳詩敏), aged 39, was appointed as an independent non-executive director of the Company of the Company on 20 September 2016. She is also the Chairman of each of the Audit Committee and the Nomination Committee and member of Remuneration Committee of the Company. Ms. Chan received a Bachelor's Degree in Business Administration (majoring in Accountancy) from The Hong Kong University of Science and Technology. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and has over 16 years of experience in accounting and auditing for Hong Kong listed companies and private companies. Ms. Chan is currently a non-executive director of Tongda Group Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 698) and an independent non-executive director of Chi Kan Holdings Limited (a company listed on the main board of Stock Exchange; stock code: 9913).

Mr. Ma Kwun Yung Stephen (馬冠勇), aged 40, was appointed as an independent non-executive director of the Company on 15 March 2017. He is also the Chairman of the Remuneration Committee and member of the Audit Committee of the Company. Mr. Ma has over 8 years of experience in renewable energy management. He obtained a Bachelor degree of Business Systems from Monash University in Australia in 2003 and a Master degree of Applied Finance from The University of Melbourne, Australia in 2005. He is a director and a shareholder of EcoSmart Energy Management Limited, a private company principally engaged in the provision of design, consultation and building of energy projects to private and listed companies.

Ms. Bu Yanan (卜亞楠), aged 35, was appointed as an independent non-executive Director of the Company on 15 September 2017. She is also the member of each of the Audit Committee and the Nomination Committee of the Company. She was graduated from City University of Hong Kong with a bachelor of laws and has completed the Practising Certificate in law programme to qualify for admission as a barrister of High Court of Hong Kong in 2011. She is also an Accredited General and Family Mediator of the Hong Kong International Arbitration Centre and of the Hong Kong Mediation Accreditation Association, a fellow of Hong Kong Institute of Arbitrators. Ms. Bu has been in active practice at the Bar in various criminal and commercial matters and has extensive legal experience. She is also been servicing as an independent non-executive director of Teamway International Group Holdings Limited (formerly known as Jin Bao Bao Holdings Limited) (a company listed on the main board of the Stock Exchange; stock code: 1239) from 5 May 2017 to 28 September 2018.

COMPANY SECRETARY

Mr. Li Kin Ping (李健平), aged 37, obtained a bachelor's degree of Business Administration (Honours) Accounting from Hong Kong Baptist University. He is a member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in accounting and auditing for Hong Kong listed companies and private companies.

SENIOR MANAGEMENT

Ms. Han Xinbin (韓新彬), aged 43, is the production manager of Frog Prince (Fujian) Baby & Child Care Products Co., Limited (a wholly-owned subsidiary of the Company). Ms. Han has over 16 years of experience in the children's daily chemicals industry of China. She joined the Group in October 2001 and is primarily responsible for management of the production and supply chain of the Group. Prior to joining the Group, she worked for Fujian Longxi Instrument Meter Factory (福建龍溪儀錶廠) from 1996 to 1998. Ms. Han received a diploma in accounting from Xiamen University in 2000.

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations.

The Company has applied the principles as contained in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board considers that during the year ended 31 December 2020, the Company has complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Company and enhancing value to investors. All the directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and its shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

The senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A2. Board Composition

The composition of the Board as at 31 December 2020 is as follows:

Executive directors:

Mr. Tsai Wallen	*(Chairman of the Board and Chairman of the Executive Committee)*
Mr. Lau Ka Ho	*(Chief Executive Officer, Member of the Remuneration Committee, Member of the Nomination Committee and Member of the Executive Committee)*
Mr. Chan Hoi Tik	*(Chief Financial Officer and Member of the Executive Committee)*

Non-executive directors:

Mr. Li Zhouxin
Mr. Sze Wine Him Jaime

Independent non-executive directors:

Ms. Chan Sze Man	*(Chairman of the Audit Committee, Chairman of the Nomination Committee and Member of the Remuneration Committee)*
Mr. Ma Kwun Yung Stephen	*(Chairman of the Remuneration Committee and Member of the Audit Committee)*
Ms. Bu Yanan	*(Member of the Audit Committee and Member of the Nomination Committee)*

During the year under review, the Company has met the requirements of Listing Rules 3.10 and 3.10A of having three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications, and accounting and related financial management expertise.

The members of the Board have experience and skills appropriate for the business requirements and objectives of the Group. Each executive director is responsible for different business and functional divisions of the Group in accordance with his areas of expertise. The independent non-executive directors bring different business and financial expertise, experience and independent judgment to the Board, and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors had made contributions to the effective direction of the Company and provided adequate supervision and balances to safeguard the interests of both the Group and the shareholders.

The biographical details of the directors of the Company are set out under the section headed "Directors, Secretary and Senior Management Biographies" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A3. Chairman and Chief Executive

The Board is of the view that the Company has complied with the code provisions A2.1 set out in the CG Code as contained in Appendix 14 of the Listing Rules during the year ended 31 December 2020.

A4. Appointment and Re-election of Directors

The Company's Articles of Association contain provisions on the procedures and process of appointment and removal of directors.

Each director, including the non-executive director and independent non-executive directors, has entered into a service contract with the Company for a term of three years, subject to renewal upon expiry of the term. They are also subject to re-election in accordance with the Company's Articles of Association provisions.

According to the Company's Articles of Association, one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting after appointment, and any new director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

A5. Training and Continuing Development for Directors

Each newly appointed director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group, and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 December 2020, all Directors complied with the code provision A.6.5 of the CG Code on participation in continuous professional training as follows:

– All Directors (being Mr. Tsai Wallen, Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Mr. Li Zhouxin, Mr. Sze Wine Him Jaime, Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen, Ms. Bu Yanan) received regular briefings and updates from the Company on the Group's business, operations and corporate governance matters.

– Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Ms. Chan Sze Man and Ms. Bu Yanan attended relevant seminars organized by other professional firms/institutions/the Stock Exchange.

– All Directors (being Mr. Tsai Wallen, Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Mr. Li Zhouxin, Mr. Sze Wine Him Jaime, Ms. Chan Sze Man, Mr. Ma Kwun Yung Stephen, Ms. Bu Yanan) read technical bulletins, periodicals and other publications on subjects relevant to the Group and on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board committees meetings, annual general meeting and extraordinary general meeting ("EGM") of the Company held during the year ended 31 December 2020 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Executive Committee**	**Annual General Meeting**
Executive directors:						
Mr. Tsai Wallen	14/14	N/A	N/A	N/A	13/13	1/1
Mr. Lau Ka Ho	14/14	N/A	5/5	2/2	13/13	1/1
Mr. Chan Hoi Tik	14/14	N/A	N/A	N/A	13/13	1/1
Non-executive directors:						
Mr. Li Zhouxin	14/14	N/A	N/A	N/A	N/A	0/1
Mr. Sze Wine Him Jaime *(Note 1)*	4/4	N/A	N/A	N/A	N/A	N/A
Independent non-executive directors:						
Ms. Chan Sze Man	14/14	2/2	5/5	2/2	N/A	1/1
Mr. Ma Kwun Yung Stephen	14/14	2/2	5/5	N/A	N/A	1/1
Ms. Bu Yanan	14/14	2/2	N/A	2/2	N/A	1/1

Notes:

1. Mr. Sze Wine Him Jaime was appointed as a non-executive director with effect from 3 August 2020. After his appointment, 4 Board meetings and no annual general meeting were held during the year ended 31 December 2020.

In addition, the Chairman of the Board held a meeting with the independent non-executive directors without the presence of other executive directors during the year under review.

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Each director has been given a copy of the Model Code. Specific enquiry has been made of all the Company's directors and they have confirmed their compliance with the Model Code throughout the year ended 31 December 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code and the Employee Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEE

The Board established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The members of the Executive Committee during the year and as the date of this report were as follows:

Executive Directors
Mr. Tsai Wallen *(Chairman)*
Mr. Lau Ka Ho
Mr. Chan Hoi Tik

The Executive Committee has been delegated by the Board the powers in the oversight of the management of the business and affairs of the Group.

During the year ended 31 December 2020, the Executive Committee has held 13 meetings (the attendance records of each Committee member are set out in section A6 above). The Executive Committee performed the following major works during the year:

– to consider emerging issues, that may be material to the business and affairs of the Group and the realization of its agreed strategy;

– to review material strategic initiatives, including acquisitions and disposals, joint ventures and investments and recommend such to the Board;

– to monitor and review the implementation of the Group's strategic and investment plans;

– to monitor and review the organization, business and personnel policies of the Group;

– to liaise and consult with other committees of the Board on all matters in relation to the businesses of the Group;

– to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and

– to work to the requirements that may from time to time be delegated by the Board or contained in the constitution of the Company.

B2. Remuneration Committee

The members of the Remuneration Committee during the year and as at the date of this report were as follows:

Executive director
Mr. Lau Ka Ho

Independent non-executive directors
Mr. Ma Kwun Yung Stephen *(Chairman)*
Ms. Chan Sze Man

The majority of the Remuneration Committee members are independent non-executive directors.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 December 2020, the Remuneration Committee has held 5 meetings (the attendance records of each Committee member are set out in section A6 above). The Remuneration Committee performed the following major works during the year:

– Generally review and discussion of the remuneration packages, policy and structure of the directors and the senior staff of the Group, and recommendation to the Board;

– Consideration of and recommendation to the Board on the remuneration packages for the directors newly appointed/re-designated during the year.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the members of the senior management by band for the year ended 31 December 2020 is set out below:

Remuneration band (RMB)	Number of individuals
0 – 250,000	1

Details of the remuneration of each director of the Company for the year ended 31 December 2020 are set out in note 13 to the financial statements contained in this annual report.

B3. Nomination Committee

The members of the Nomination Committee during the year and as at the date of this report were as follows:

Executive director
Mr. Lau Ka Ho

Independent non-executive directors
Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan

The majority of the Nomination Committee members are independent non-executive directors.

The principal responsibilities of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of directors, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of the independent non-executive directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognises and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the code provision A.5.6 of the CG Code, a Board diversity policy was adopted by the Company, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendations to the Board, if any. Such policy and objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

During the year ended 31 December 2020, the Nomination Committee has held 2 meetings (the attendance records of each Committee member are set out in section A6 above). The Nomination Committee performed the following major works during the year:

– Review of the Board composition and structure;

– Consideration of and recommendation to the Board on the re-election of the retiring directors at the 2020 annual general meeting;

– Assessment of the independence of the then three independent non-executive directors of the Company;

– Consideration of and recommendation to the Board on the changes in compositions of the Board and Board Committees during the year.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;

(c) The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(e) In case of independent non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;

(f) In case of re-election, the overall contribution and service to the Company of the Director to be re-elected and the level of participation and performance on the Board and the other criteria set out in this section; and

(g) Such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(a) The Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);

(b) Proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;

(c) The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;

(d) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(e) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(f) The secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;

(g) In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and

(h) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

Monitor and Review

The Nomination Committee will monitor the implementation of the Nomination Policy and report to the Board when necessary. Also, the Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

B4. Audit Committee

The members of the Audit Committee during the year and as at the date of this report were as follows:

Independent non-executive directors
Ms. Chan Sze Man *(Chairman)*
Mr. Ma Kwun Yung Stephen
Ms. Bu Yanan

All of the members of the Audit Committee are independent non-executive directors. The Chairman of the Audit Committee possesses the appropriate professional qualifications, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

The Audit Committee performed the following major works during the year:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2019, the related accounting principles and practices adopted by the Group and internal controls related matters, and recommendation of the reappointment of the external auditors;

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2020, and the related accounting principles and practices adopted by the Group;

– Review of the internal control and risk management matters and internal audit function of the Group, and recommendation to the Board;

– Review of the continuing connected transaction of the Group;

– Discussion of the Company's preparation for publication of the Environmental, Social and Governance Report under the requirements of the "Environmental, Social and Governance Reporting Guide" as set out in Appendix 27 to the Listing Rules;

During the year ended 31 December 2020, the Audit Committee has held 2 meetings (the attendance records of each Committee member are set out in section A6 above).

The external auditors were invited to attend the said meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2020.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems have been designed to protect assets from misappropriation and unauthorized transactions and to manage operational risks.

The Board has overall responsibilities for the risk management and internal control systems of the Group on an ongoing basis, and for reviewing their effectiveness. The Board is also responsible for establishing and maintaining appropriate and effective risk management and internal control systems. The established systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board also acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness.

The Group adopts a complete process of risk management in a functional bottom-up manner, including risk identification, assessment, evaluation and treatment. The functional areas across the Group provide input of risks with treatments, which are appraised and maintained. The risk management system, as well as the internal control system, are continuous, proactive and systematic processes.

The management, in coordination with department heads, in the form of interview and discussion, assessed the likelihood of risk occurrence, ranked these risks according to the likelihood and the severity of the impact on the Group, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management would report to the Audit Committee and the Board on all findings and the effectiveness of the risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems, and make recommendations.

The Audit Committee also ensures that an overall review of the effectiveness of such systems is conducted at least annually and put forward to the Board for consideration.

During the year under review, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group, covering financial, operational, compliance and risk management aspects of the Group. The systems were considered effective and adequate.

The internal audit function of the Group was carried out by a qualified professional firm appointed by the Board. The effectiveness of the risk management and internal control systems is reviewed by conducting internal audit assignments. Recommendations for major observations of control weaknesses identified from the assignments are communicated to the management in resolving material internal control defects.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

E. COMPANY SECRETARY

During the year ended 31 December 2020, Mr. Chan Hoi Tik has taken not less than 15 hours of relevant professional training.

F. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2020 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CCTH CPA Limited ("CCTH"), the Company's existing auditor, in respect of audit services and non-audit services for the year ended 31 December 2020 are analyzed below:

Type of services provided by the external auditors	**Fee paid/ payable**
Audit services:	
– Audit fee for the year ended 31 December 2020	RMB2,008,000
Non-audit services:	
– Agreed upon procedures on interim results for the six months ended 30 June 2020	RMB393,000
– Other services	RMB161,000
TOTAL:	RMB2,562,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.pfh.hk, as a communication platform with shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: 17/F., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong
Fax no.: (852) 3892 6001
Email: ir@pfh.hk

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

H. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings as follows:

(1) Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Article 58 of the Company's Articles of Association by sending a written requisition to the Board or the Company Secretary at the Company's head office/principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) If a shareholder wishes to propose a person other than a retiring director for election as the Director at a general meeting, pursuant to Article 85 of the Company's Articles of Association, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her/its intention to propose such person for election and also a notice signed by the person to be proposed of his/ her willingness to be elected. These notices should be lodged at the Company's head office/principal place of business in Hong Kong, or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by laws.

During the year under review, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association of the Company is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Articles of Association for further details of the rights of shareholders.

All resolutions put forward at shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pfh.hk) after each shareholders' meeting.

I. CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, there had been no significant change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

The directors of Company (the "Directors") present their report and the audited consolidated financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacture and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

BUSINESS REVIEW

The business review required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in the "Management Discussion and Analysis" on pages 4 to 17 of this annual report. This discussion forms part of this "Report of the Directors".

FINANCIAL STATEMENTS

The Group's loss for the year ended 31 December 2020 and the Group's financial position at that date are set out in the financial statements on pages 57 to 199 of this annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 43 to the financial statements.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend to shareholders of the Company for the year ended 31 December 2020.

SUMMARY FINANCIAL INFORMATION

A summary of the financial information of the Group for the last five financial years is set out on page 200 of this annual report. This summary does not form part of the audited financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 June 2021 to Friday, 25 June 2021 (both days inclusive) for the purpose of determining the right to attend and vote at the 2021 annual general meeting ("2021 AGM") to be held on Friday, 25 June 2021. In order to be entitled to attend and vote at the 2021 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's branch share registrar and transfer office (i.e. Union Registrars Limited) at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Friday, 18 June 2021.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company is incorporated in the Cayman Islands while most of the Group's operations are performed in PRC and Hong Kong and the Company is listed on the Stock Exchange. During the year ended 31 December 2020, as far as the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations that have a significant impact on the Group's business and operation by the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties that the Group faces during its operation. Such risks and uncertainties include factors such as economic conditions of both inside and outside China and Hong Kong, PRC's foreign exchange policies, changes relating to laws and regulations and enforcement policies, and the price and supply of raw materials. While these risks continue to exist, the Group will closely monitor any signs of these occurrences and all departments of the Group will be involved in identifying and evaluating risks relating to their operational scope. Subsequently, appropriate plans will be devised to minimize the impacts derived from risks and uncertainties confronting the operation of the Group.

ENVIRONMENTAL PROTECTION POLICY

The Group has established a dedicated environmental protection department. The environmental protection department is responsible for overseeing the environmental protection of the Group as a whole, such as formulating environmental-related guidelines and policies for the Group in order to ensure compliance with the applicable environmental laws, regulations and standards, monitoring the latest development in the environmental-related laws, regulations and standards in the PRC in order to ensure the internal environmental protection guidelines and policies of the Group is appropriate, monitoring the compliance with the applicable environmental laws, regulations and standards by regularly inspecting the production facilities and the pollutant discharge facilities of the Group, handling the application for environmental protection approvals, and the inspection and any other necessary filings for the construction projects of the Group, liaising with the governmental environment protection authorities in the PRC as and when required, and formulating contingency plan for any environmental-related emergency and handling such emergency.

A separate environmental, social and governance report is expected to be published on the websites of the Stock Exchange and the Company no later than 3 months after the publication of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB257,666,000. In addition, the Company's share premium account, in the amount of RMB572,335,000, may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DIVIDEND POLICY

Under the dividend policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the shareholders of the Company.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

(i) the general financial condition of the Group;

(ii) capital and debt level of the Group;

(iii) future cash requirements and availability for business operations, business strategies and future development needs;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the general market conditions; and

(vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company. The Dividend Policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for 54.5% of the total sales for the year, and the sales to the Group's largest customer accounted for 15.7% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 19.0% of the total purchases for the year, and the purchases from the largest supplier accounted for 8.1% of the total purchases for the year.

None of the Directors or any of their close associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the Company's number of issued shares) had any beneficial interest in the Group's five largest customers or suppliers.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

The Group regards the personal development of its employees as highly important and strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. For details, please refer to the section headed "Employees and Remuneration" in the "Management Discussion and Analysis".

Customers

The Group has strengthened relationships with the existing customers while cultivating relationships with potential customers and has established long-term co-operation relationships with many customers. We visit customers' offices to approach and keep contact with them. The Group has organized a marketing team with nationwide coverage as well as a business team which is capable of maintaining close co-operation with overseas customers.

Suppliers

The Group has developed long-standing co-operation relationships with the Group's vendors and taken great care to ensure that they can share our commitment to product quality and morality. The Group carefully selected suppliers and required them to satisfy certain assessment criteria, including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness. The Group also required suppliers to comply with our anti-bribery policy.

DONATIONS

Donations made by the Group during the year ended 31 December 2020 amounted to approximately RMB2.9 million.

DIRECTORS

The Directors during the year and as at the date of this report were as follows:

Executive Directors

Mr. Tsai Wallen
Mr. Lau Ka Ho
Mr. Chan Hoi Tik
Mr. Fok King Man Ronald *(appointed on 8 January 2021)*

Non-executive Directors

Mr. Li Zhouxin
Mr. Sze Wine Him Jaime *(appointed on 3 August 2020)*

Independent Non-executive Directors

Ms. Chan Sze Man
Mr. Ma Kwun Yung Stephen
Ms. Bu Yanan

Pursuant to Article 83(3) of the Company's Articles of Association, Mr. Sze Wine Him Jaime and Mr. Fok King Man Ronald, being a newly appointed director, shall retire at the 2021 AGM. In addition, pursuant to Article 84 of the Company's Articles of Association, Mr. Li Zhouxin, Ms. Chan Sze Man and Mr. Ma Kwun Yung Stephen will retire from office as Directors by rotation at the 2021 AGM. All of the above three retiring directors are eligible for re-election at the 2021 AGM.

It is noted that Mr. Sze Wine Him Jaime, Mr. Fok King Man Ronald, Mr. Li Zhouxin, Ms. Chan Sze Man and Mr. Ma Kwun Yung Stephen will offer themselves for re-election at the 2021 AGM.

DIRECTORS AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 18 to 20 of this annual report.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors and the non-executive director has entered into a service contract with the Company for a term of three years, which may be terminated by not less than one month or three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than one month's notice in writing served by either party on the other.

There was no service contract entered into by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than those transactions disclosed in note 52 to the financial statements and in the section headed "Continuing Connected Transaction" below, none of Directors or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year and subsisted at the end of the year.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. Details of the Scheme are disclosed in note 44 to the financial statements.

As at the date of this annual report, the total number of shares of the Company available for issue under the Scheme upon exercise of all outstanding share options granted was 196,324,500 shares, representing approximately 10.8% of the number of issued shares of the Company.

The following table discloses movements of the Company's share options, granted under the Scheme, during the year ended 31 December 2020:

Name or category of participants	Date of grant *(Note 1)*	Exercise price per share *(HK$)*	Number of options: Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited/ lapsed during the year	Outstanding as at 31 December 2020	Exercise period *(Note 2)*
Non-executive Directors									
Mr. Li Zhouxin	21 June 2012	2.94	90,000	–	–	–	–	90,000	E
(re-designated from			90,000	–	–	–	–	90,000	F
executive director on 30 June 2017)			180,000	–	–	–	–	180,000	
	26 September 2014	1.83	120,000	–	–	–	–	120,000	G
			90,000	–	–	–	–	90,000	H
			90,000	–	–	–	–	90,000	I
			300,000	–	–	–	–	300,000	
	18 January 2016	0.81	400,000	–	–	–	–	400,000	J
			300,000	–	–	–	–	300,000	K
			300,000	–	–	–	–	300,000	L
			1,000,000	–	–	–	–	1,000,000	
Sub-total			*1,480,000*	–	–	–	–	*1,480,000*	

Name or category of participants	Date of grant *(Note 1)*	Exercise price per share *(HK$)*	Number of options: Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited/ lapsed during the year	Outstanding as at 31 December 2020	Exercise period *(Note 2)*
Former Directors	14 October 2011	1.92	1,720,000	–	–	–	–	1,720,000	A
			1,890,000	–	–	–	–	1,890,000	B
			1,890,000	–	–	–	–	1,890,000	C
			5,500,000	–	–	–	–	5,500,000	
	21 June 2012	2.94	1,544,000	–	–	–	–	1,544,000	D
			1,158,000	–	–	–	–	1,158,000	E
			1,158,000	–	–	–	–	1,158,000	F
			3,860,000	–	–	–	–	3,860,000	
	26 September 2014	1.83	3,040,000	–	–	–	–	3,040,000	G
			2,280,000	–	–	–	–	2,280,000	H
			2,280,000	–	–	–	–	2,280,000	I
			7,600,000	–	–	–	–	7,600,000	
	18 January 2016	0.81	4,440,000	–	–	–	–	4,440,000	J
			3,330,000	–	–	–	–	3,330,000	K
			3,330,000	–	–	–	–	3,330,000	L
			11,100,000	–	–	–	–	11,100,000	
Sub-total			*28,060,000*	–	–	–	–	*28,060,000*	
Total for directors			**29,540,000**	**–**	**–**	**–**	**–**	**29,540,000**	

Name or category of participants	Date of grant *(Note 1)*	Exercise price per share *(HK$)*	Number of options: Outstanding as at 1 January 2020	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited/ lapsed during the year	Outstanding as at 31 December 2020	Exercise period *(Note 2)*
Employees of the Group in aggregate	14 October 2011	1.92	352,400	–	–	–	–	352,400	A
			1,477,800	–	–	–	(24,000)	1,453,800	B
			1,513,800	–	–	–	(30,000)	1,483,800	C
			3,344,000	–	–	–	(54,000)	3,290,000	
	21 June 2012	2.94	761,600	–	–	–	(20,000)	741,600	D
			1,162,200	–	–	–	(24,000)	1,138,200	E
			1,162,200	–	–	–	(24,000)	1,138,200	F
			3,086,000	–	–	–	(68,000)	3,018,000	
	26 September 2014	1.83	5,916,000	–	–	–	(220,000)	5,696,000	G
			4,437,000	–	–	–	(165,000)	4,272,000	H
			4,437,000	–	–	–	(165,000)	4,272,000	I
			14,790,000	–	–	–	(550,000)	14,240,000	
	18 January 2016	0.81	6,914,600	–	–	–	(300,000)	6,614,600	J
			5,185,950	–	–	–	(225,000)	4,960,950	K
			5,185,950	–	–	–	(225,000)	4,960,950	L
			17,286,500	–	–	–	(750,000)	16,536,500	
Total for employees			**38,506,500**	**–**	**–**	**–**	**(1,422,000)**	**37,084,500**	
Distributors of the Group in aggregate	20 January 2016	0.81	3,880,000	–	–	–	–	3,880,000	M
			2,910,000	–	–	–	–	2,910,000	N
			2,910,000	–	–	–	–	2,910,000	O
Total for distributors			**9,700,000**	**–**	**–**	**–**	**–**	**9,700,000**	
TOTAL			**77,746,500**	**–**	**–**	**–**	**(1,422,000)**	**76,324,500**	

Notes:

1. The closing prices of the Company's shares immediately before the dates of grant on 14 October 2011, 21 June 2012, 26 September 2014, 18 January 2016, 20 January 2016 and 24 May 2017 were HK$1.98, HK$2.94, HK$1.86, HK$0.64, HK$0.67 and HK$0.36, respectively.

2. The respective exercise periods of the share options granted are as follows:

   A: From 14 October 2012 to 13 October 2021
   B: From 14 October 2013 to 13 October 2021
   C: From 14 October 2014 to 13 October 2021
   D: From 21 June 2013 to 20 June 2022
   E: From 21 June 2014 to 20 June 2022
   F: From 21 June 2015 to 20 June 2022
   G: From 26 September 2015 to 25 September 2024
   H: From 26 September 2016 to 25 September 2024
   I: From 26 September 2017 to 25 September 2024
   J: From 18 January 2017 to 27 December 2025
   K: From 18 January 2018 to 27 December 2025
   L: From 18 January 2019 to 27 December 2025
   M: From 20 January 2017 to 27 December 2025
   N: From 20 January 2018 to 27 December 2025
   O: From 20 January 2019 to 27 December 2025
   P: From 24 May 2017 to 23 May 2027

   The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. The number and/or exercise price of the options may be subject to adjustments in the case of rights or bonus issues, or other changes in the Company's share capital.

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

As at 31 December 2020, the interests of the directors of the Company in the shares and underlying shares of the Company, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code", Appendix 10 to the Listing Rules), to be notified to the Company and the Stock Exchange, were as follows:

A. Long positions in the underlying shares of the Company (physically settled unlisted equity derivatives) – share options

Name of director	Nature of interests	Number of underlying shares interested	Percentage+ of underlying shares over the Company's issued share capital
Mr. Li Zhouxin	Beneficial owner	1,480,000	0.08%

+ The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 December 2020.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 31 December 2020, none of the directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of interests	Number of ordinary shares interested	Percentage+ of the Company's issued share capital*
Golden Sparkle Limited	Beneficial owner *(Note 1)*	263,308,500	14.55%
Mr. Lai Wai Lam Ricky	Interest of controlled corporation *(Note 1)*	263,308,500	14.55%
Ms. Cheng Wan Gi	Beneficial owner	242,988,000	13.43%
Mr. Dai Zhibiao	Beneficial owner	140,382,500	7.76%

Notes:

1. These shares were held by Golden Sparkle Limited, a controlled corporation of Mr. Lai Wai Lam Ricky. Accordingly, Mr. Lai Wai Lam Ricky was deemed to be interested in these shares pursuant to Part XV of the SFO.

+ The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2020.

Save as disclosed above and in the above section headed "Share Option Scheme", as at 31 December 2020, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTION

The independent non-executive Directors have reviewed the continuing connected transaction set out below, which is disclosed in compliance with the requirements of Chapter 14A of the Listing Rules, and have confirmed that the continuing connected transaction was entered into:

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

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTED TRANSACTIONS

The remaining related party transactions for the year ended 31 December 2020 set out in note 52 to financial statements contained in this annual report also constituted connected transactions of the Group. As confirmed by the directors of the Company, as relevant applicable ratios were below 0.1%, such connected transactions were exempt from the reporting, announcement, annual review and independent shareholders' approval requirements as contained in Chapter 14A of the Listing Rules.

DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board the remuneration and other benefits paid by the Company to its directors. The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of directors' remuneration are set out in note 13 to financial statements.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Apart from the Company's share option scheme, neither at the end of nor at any time during the year there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the object or one of the objects of such arrangement are/is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

CONTRACT OF SIGNIFICANCE

Except for set out in the notes 52 and 58 to financial statements, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors and its related companies is currently in force and were in force throughout the year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued shares were held by the public as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the Company's three independent non-executive directors, has reviewed the consolidated financial statements of the Group for the year ended 31 December 2020, and discussed with the management and the auditor of the Company, CCTH CPA Limited, on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee of the Company.

AUDITORS

CCTH will retire at the 2021 AGM and, being eligible, offered themselves for re-appointment. A resolution for the reappointment of CCTH as auditor of the Company will be proposed at the 2021 AGM.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Details of events subsequent to the reporting period are set out in note 58 to the financial statements.

ON BEHALF OF THE BOARD
Tsai Wallen
Chairman and Executive Director

29 March 2021

CCTH CPA LIMITED
中正天恆會計師有限公司

To the shareholders of Prosperous Future Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Prosperous Future Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 57 to 199, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

KEY AUDIT MATTERS (continued)

Impairment assessment for property, plant and equipment and right-of-use assets

Refer to notes 16 and 17 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the Group had property, plant and equipment and right-of-use assets with the carrying amounts of approximately RMB102,684,000 and RMB24,516,000 respectively. Following a review of the Group's businesses in future, the outlook for the industry and the Group's financial performance, management conducted impairment assessment of the Group's property, plant and equipment and right-of-use assets and concluded that no impairment loss for the year is required to be made for property, plant and equipment and right-of-use assets based on their fair value less costs of disposal, by reference to their estimated sale prices valued by external valuer and value in use of the respective cash-generating units (CGUs). We focused on the impairment assessment of the Group's property, plant and equipment and right-of-use assets as the estimation of the fair value less costs of disposal of such assets involved judgments and assumptions used in the determination of sale prices of these assets and management assessment of the value in use of the CGUs involves judgments and estimates about the future results of the business, key assumptions including revenue growth rate and gross profit margin, long-term growth rate and the discount rates applied to future cash flow forecast.	Our procedures in relation to management's impairment assessment on property, plant and equipment and right-of-use assets included: – We obtained an understanding of the basis of management's impairment assessment of the property, plant and equipment and right-of-use assets; – We assessed the valuation methodologies used by the external valuer to estimate the sale prices; – We evaluated the independence, competence, capabilities and objectivity of the external valuer; – We checked, on a sample basis, the accuracy and relevance of the data and information provided by management to the external valuer; – We considered the potential impact of reasonably possible downside changes in these key assumptions; – We evaluated and challenged the composition of the Group's future cash flow forecast in each CGU, and the process by which they were drawn up, including testing the underlying value in use calculation; and – We challenged the key assumptions including revenue growth rate and gross profit margin by comparing the current year's actual results with future plans. We considered the appropriateness of the discount rates adopted by the management.

KEY AUDIT MATTERS (continued)

Valuation of investment properties

Refer to note 18 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the Group had investment properties with the carrying amount of approximately RMB71,570,000. All of the Group's investment properties are stated at fair value. The fair value valuations, which were carried out by external property valuer, are based on direct comparison method that involve management's significant judgment of unobservable inputs. Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 18 to the consolidated financial statements. We focused on the valuation of investment properties as a key audit matter due to the significance of the carrying amount to the consolidated financial statements as a whole, combined with the significant judgments associated in the determination of the fair value.	Our procedures in relation to the valuation of the investment properties included: – We evaluated the independence, competence, capabilities and objectivity of the external property valuer; – We obtained an understanding of the valuation process and techniques adopted by the external property valuer to assess if they are consistent with industry norms; and – We made enquiry of the external property valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data adopted by the management and the external property valuer by comparing them, on a sample basis, to where relevant, publicly available information of similar comparable properties and our knowledge of the real estate industry.

KEY AUDIT MATTERS (continued)

Impairment assessment for properties for development

Refer to note 19 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
The Group's properties for development are stated at cost less impairment losses. As at 31 December 2020, the carrying amount of the Group's properties for development is approximately RMB82,937,000. Impairment loss on properties for development amounted to approximately RMB11,124,000 was recognised in profit or loss in respect of the current year, which is calculated based on their fair value less costs of disposal by reference to their estimated sale prices valued by external property valuer. We identified the impairment assessment of the Group's properties for development as a key audit matter due to the significant judgments involved in the determination of the recoverable amount of the properties and the significance of their carrying amount to the consolidated financial statements.	Our procedures in relation to the impairment assessment of the properties for development included: – We evaluated the independence, competence, capabilities and objectivity of the external property valuer; – We obtained an understanding of the valuation process and techniques adopted by the external property valuer to assess if they are consistent with industry norms; and – We made enquiry of the external property valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data adopted by the management and the external property valuer by comparing them, on a sample basis, to publicly available information of similar comparable properties and our knowledge of the real estate industry.

KEY AUDIT MATTERS (continued)

Recoverability of receivables

Refer to notes 25, 26, 27 and 29 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the Group had (i) finance lease receivables with the carrying amount of approximately RMB35,037,000, of which accumulated impairment losses amounting to approximately RMB2,855,000 has been made; (ii) loan and interest receivables with the carrying amount of approximately RMB33,989,000, of which accumulated impairment losses amounting to approximately RMB6,642,000 has been made; (iii) trade receivables with the carrying amount of approximately RMB283,667,000, of which accumulated impairment losses amounting to approximately RMB26,839,000 has been made; and other receivables with the carrying amount of approximately RMB119,050,000, of which accumulated impairment losses amounting to approximately RMB13,800,000 has been made. Evaluation of the recoverability of finance lease receivables, loan and interest receivables, trade receivables, and other receivables involved management judgment in assessing the allowance for doubtful debts for individual receivables. The ability of the debtors to repay the Group depends on customer-specific and market conditions which involve inherent uncertainty. We have identified impairment assessment of finance lease receivables, loan and interest receivables, trade receivables and other receivables as a key audit matter due to the magnitude of the receivables and the estimation and judgments involved the determination of the recoverable amounts of these receivables.	Our procedures in relation to management's impairment assessment on finance lease receivables, loan and interest receivables, trade receivables and other receivables included: – We obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and making provisions for doubtful debts. – We reviewed the agreements and other relevant documents relating to the receivables by the Group. – We assessed the classification and accuracy of individual balances in trade and bill receivables ageing report by testing the underlying invoices on a sample basis. – We assessed subsequent settlement of receivable balances. Where settlement had not been received subsequent to the year end date, we obtained an understanding of the basis of management's judgments about the recoverability of the outstanding receivables and evaluated the allowance for doubtful debts made by the management for these individual balances. – We assessed the appropriateness of the expected credit loss positioning methodology, by examining the key data inputs on a sample bases, to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit loss.

KEY AUDIT MATTERS (continued)

Impairment assessment of goodwill

Refer to note 20 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2020, the Group had goodwill with the carrying amount of RMB37,174,000, of which accumulated impairment losses amounting to approximately RMB6,399,000 has been made. In determining the amount of impairment loss for goodwill, the recoverable amount, which is the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated, was estimated by reference to the business valuations of the CGUs performed by an external valuer. The value in use is based on cash flow forecast of the CGU and takes into account the key assumptions used by management, including discount rate, growth rate, budgeted sales and gross margin. We identified the impairment assessment of goodwill as a key audit matter due to the significant judgments and assumptions used in the estimation of the recoverable amounts of the relevant CGUs and the calculation of the impairment losses.	Our procedures in relation to impairment assessment of goodwill included: — Understanding how the management perform impairment assessment including the preparation of cash flow forecast and assumptions estimation; — Evaluating the external valuer's competence, capabilities and objectivity; — Evaluating the appropriateness of the key assumptions in the cash flow forecast, including growth rate, gross profit margin and inflation, by discussing with the management and the external valuer with reference to their expectations for market development and comparing with the most recent financial performance available; — Performing arithmetical checking on the business valuations of the CGUs performed by the external valuer; and — Assessing the appropriateness of the discount rate used on discount rate and assessing the impact on the value in use.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of 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 RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our terms of engagement 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.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

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

We communicate with 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.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 or regulation precludes public disclosure about the matters 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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2021

Kwong Tin Lap
Practising certificate number: P01953

Unit 1510-1517, 15/F., Tower 2, Kowloon Commerce Centre,
No. 51 Kwai Cheong Road, Kwai Chung, New Territories,
Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020 RMB'000**	2019 RMB'000
Continuing operations			
Revenue	5	**1,175,005**	830,166
Cost of sales		**(920,015)**	(702,678)
Gross profit		**254,990**	127,488
Other income and gains	7	**29,242**	40,852
Loss on change in fair value of investment properties	18	**(4,450)**	(6,119)
Selling and distribution expenses		**(88,155)**	(67,467)
Administrative expenses		**(161,947)**	(124,107)
Impairment loss on goodwill	20	**(3,595)**	(2,804)
Other expenses	8	**(55,224)**	(51,792)
Finance costs	9	**(4,674)**	(4,774)
Share of profit/(loss) of associates	21	**95**	(65)
Share of profit of a joint venture	22	**266**	278
Loss before tax	10	**(33,452)**	(88,510)
Income tax (expense)/credit	11	**(4,463)**	1,863
Loss for the year from continuing operations		**(37,915)**	(86,647)
Discontinued operations			
Profit for the year from discontinued operations	12	**–**	15,356
Loss for the year		**(37,915)**	(71,291)
(Loss)/profit attributable to equity holders of the Company from:			
– Continuing operations		**(33,909)**	(73,354)
– Discontinued operations		**–**	24,956
Loss for the year attributable to equity holders of the Company		**(33,909)**	(48,398)
Loss attributable to non-controlling interests from:			
– Continuing operations		**(4,006)**	(13,293)
– Discontinued operations		**–**	(9,600)
Loss for the year attributable to non-controlling interests		**(4,006)**	(22,893)
Loss for the year		**(37,915)**	(71,291)

	Notes	2020 RMB'000	2019 RMB'000
Loss for the year		**(37,915)**	(71,291)
Other comprehensive (expense)/income arising from continuing operations:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operations outside Mainland China		**(22,902)**	7,101
Reclassification adjustment relating to foreign operations disposed of		**29**	–
		(22,873)	7,101
Item that will not be reclassified to profit or loss in subsequent periods:			
Loss on change in fair value of financial assets at fair value through other comprehensive income		**(6,035)**	(56,397)
		(6,035)	(56,397)
Other comprehensive expense for the year arising from continuing operations		**(28,908)**	(49,296)
Other comprehensive income arising from discontinued operations:			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of operation outside Mainland China		**–**	364
Reclassification adjustment relating to foreign operations disposed of		**–**	8,498
Other comprehensive income arising for the year from discontinued operations		**–**	8,862
Total other comprehensive expense for the year		**(28,908)**	(40,434)
Total comprehensive expense for the year		**(66,823)**	(111,725)
Total comprehensive (expense)/income attributable to equity holders of the Company from:			
– Continuing operations		**(60,116)**	(123,554)
– Discontinued operations		**–**	33,640
Total comprehensive expense for the year attributable to equity holders of the Company		**(60,116)**	(89,914)
Total comprehensive expense attributable to non-controlling interests from:			
– Continuing operations		**(6,707)**	(12,389)
– Discontinued operations		**–**	(9,422)
Total comprehensive expense for the year attributable to non-controlling interests		**(6,707)**	(21,811)
Total comprehensive expense for the year		**(66,823)**	(111,725)

	Notes	2020 RMB cents	2019 RMB cents
Loss per share from continuing and discontinued operations	15		
Basic		**(1.9)**	(3.0)
Diluted		**N/A**	N/A
Loss per share from continuing operations	15		
Basic		**(1.9)**	(4.6)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**102,684**	85,729
Right-of-use assets	17	**24,516**	27,639
Investment properties	18	**71,570**	80,460
Properties for development	19	**82,937**	99,234
Goodwill	20	**37,174**	–
Interests in associates	21	**6,000**	2,927
Interest in a joint venture	22	**–**	–
Financial assets at fair value through other comprehensive income	23	**27,249**	32,564
Deferred tax assets	42	**1,524**	2,677
Finance lease receivables	29	**11,201**	–
Factoring receivables		**75**	–
Loan and interest receivables	25	**3,922**	6,776
Prepayments, deposits and other receivables	27	**1,412**	1,499
		370,264	339,505
CURRENT ASSETS			
Inventories	24	**48,261**	40,820
Finance lease receivables	29	**23,836**	–
Factoring receivables		**3,129**	–
Loan and interest receivables	25	**30,067**	73,126
Trade receivables	26	**283,667**	97,746
Prepayments, deposits and other receivables	27	**117,638**	84,759
Contract assets	30	**1,627**	–
Amount due from an associate	31	**2,000**	23,125
Amount due from a joint venture	32	**2,346**	6,304
Other financial assets	28	**37,116**	–
Income tax recoverable		**755**	–
Pledged bank deposits	33	**38,072**	16,906
Cash held on behalf of clients	34	**111,884**	–
Cash and bank balances	33	**359,201**	414,065
		1,059,599	756,851
CURRENT LIABILITIES			
Trade and bills payables	35	**356,805**	104,314
Other payables and accruals	36	**43,208**	45,209
Bank and other borrowings	37	**158,098**	96,986
Promissory notes payable	38	**–**	12,130
Amounts due to associates	39	**103,161**	5,600
Amounts due to non-controlling interests	40	**1,460**	895
Lease liabilities	41	**6,595**	5,189
Income tax payable		**8,131**	4,463
		677,458	274,786
NET CURRENT ASSETS		**382,141**	482,065

	Notes	2020 RMB'000	2019 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**752,405**	821,570
NON-CURRENT LIABILITIES			
Lease liabilities	41	**(14,385)**	(17,335)
Deferred tax liabilities	42	**(14,760)**	(14,894)
		(29,145)	(32,229)
NET ASSETS		**723,260**	789,341
EQUITY			
Share capital	43	**15,348**	15,348
Reserves	45	**665,058**	725,174
Equity attributable to equity holders of the Company		**680,406**	740,522
Non-controlling interests		**42,854**	48,819
TOTAL EQUITY		**723,260**	789,341

The consolidated financial statements on pages 57 to 199 were approved and authorised for issue by the board of directors on 29 March 2021 and are signed on its behalf by:

Tsai Wallen
Director

Lau Ka Ho
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Notes	Attributable to equity holders of the Company										
		Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	FVTOCI revaluation reserve RMB'000	Capital redemption reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020		15,348	572,335	35,491	11	(89,435)	16	25,969	180,787	740,522	48,819	789,341
Loss for the year		–	–	–	–	–	–	–	(33,909)	(33,909)	(4,006)	(37,915)
Other comprehensive (expense)/income												
Exchange differences on translation of operations outside Mainland China		–	–	–	–	–	–	(20,201)	–	(20,201)	(2,701)	(22,902)
Reclassification adjustment relating to foreign operations disposed of		–	–	–	–	–	–	29	–	29	–	29
Loss on change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI"), net of tax		–	–	–	–	(6,035)	–	–	–	(6,035)	–	(6,035)
Total comprehensive expense for the year		–	–	–	–	(6,035)	–	(20,172)	(33,909)	(60,116)	(6,707)	(66,823)
Non-controlling interests from acquisition of subsidiaries (note 46(a)(i))		–	–	–	–	–	–	–	–	–	742	742
Transferred to retained profits on disposal of financial assets at FVTOCI		–	–	–	–	5,039	–	–	(5,039)	–	–	–
Transferred to retained profits on disposal of a subsidiary		–	–	–	–	1,675	–	–	(1,675)	–	–	–
Transferred to retained profits upon forfeiture of share options		–	–	(601)	–	–	–	–	601	–	–	–
At 31 December 2020		15,348	572,335	34,890	11	(88,756)	16	5,797	140,765	680,406	42,854	723,260

		Attributable to equity holders of the Company										
	Notes	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	FVTOCI revaluation reserve RMB'000	Capital redemption reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019		11,649	519,572	38,070	11	(33,223)	16	11,088	226,791	773,974	73,252	847,226
Loss for the year		–	–	–	–	–	–	–	(48,398)	(48,398)	(22,893)	(71,291)
Other comprehensive (expense)/income												
Exchange differences on translation of operations outside Mainland China		–	–	–	–	–	–	6,383	–	6,383	1,082	7,465
Reclassification adjustment relating to foreign operations disposed of		–	–	–	–	–	–	8,498	–	8,498	–	8,498
Loss on change in fair value of financial assets at FVTOCI, net of tax		–	–	–	–	(56,397)	–	–	–	(56,397)	–	(56,397)
Total comprehensive (expense)/income for the year		–	–	–	–	(56,397)	–	14,881	(48,398)	(89,914)	(21,811)	(111,725)
Non-controlling interests arisen from disposal of interest in subsidiaries		–	–	–	–	–	–	–	–	–	180	180
Disposal of subsidiaries	47(b)(ii)	–	–	–	–	–	–	–	–	–	(2,802)	(2,802)
Placing of new shares	43	1,937	23,883	–	–	–	–	–	–	25,820	–	25,820
Share issue expenses		–	(24)	–	–	–	–	–	–	(24)	–	(24)
Issue of shares for acquisition of subsidiaries	46(b)(i)	1,762	28,904	–	–	–	–	–	–	30,666	–	30,666
Transferred to retained profits on disposal of financial assets at FVTOCI		–	–	–	–	185	–	–	(185)	–	–	–
Transferred to retained profits upon forfeiture of share options		–	–	(2,579)	–	–	–	–	2,579	–	–	–
At 31 December 2019		15,348	572,335	35,491	11	(89,435)	16	25,969	180,787	740,522	48,819	789,341

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
– Continuing operations		**(33,452)**	(88,510)
– Discontinued operations		**–**	16,446
		(33,452)	(72,064)
Adjustments for:			
Finance costs		**4,674**	4,774
Interest income from bank deposits		**(2,771)**	(2,047)
Income derived from other financial assets		**(870)**	(515)
Gain on bargain purchase		**(1,046)**	–
Gain on disposal of subsidiaries	47	**(746)**	(38,802)
(Gain)/loss on disposal of property, plant and equipment, net		**(6,223)**	628
Depreciation of property, plant and equipment		**14,949**	29,567
Depreciation of right-of-use assets		**7,620**	–
Loss on changes in fair value of investment properties		**4,450**	6,119
Impairment loss on goodwill		**3,595**	2,804
Impairment loss on properties for development		**11,124**	26,451
Impairment loss on finance lease receivables		**2,855**	–
Impairment loss on loan and interest receivables		**–**	4,644
Impairment loss on trade receivables		**20,075**	6,775
Impairment loss on prepayments, deposits and other receivables		**13,800**	–
Impairment loss on contract assets		**7**	–
Reversal of impairment loss on loan and interest receivables		**(2,592)**	–
Reversal of impairment loss on trade receivables		**–**	(1,911)
Reversal of impairment loss on interests in associates		**(5,500)**	–
Loan and interest receivables written off		**7,363**	12,586
Share of (profit)/loss of associates		**(95)**	65
Share of profit of a joint venture		**(266)**	(278)
Operating cash flows before movements in working capital		**36,951**	(21,204)
(Increase)/decrease in inventories		**(7,441)**	84,894
Increase in finance lease receivables		**(37,892)**	–
Increase in factoring receivables		**(3,204)**	–
Decrease in loan and interest receivables		**41,142**	80,702
(Increase)/decrease in trade receivables		**(114,174)**	7,389
Increase in prepayments, deposits and other receivables		**(74,575)**	(32,631)
Increase in contract assets		**(1,634)**	–
Decrease in amounts due from related companies		**–**	9,762
Decrease in amount due from an associate		**21,125**	464
Decrease/(increase) in amount due from a joint venture		**4,224**	(127)
Decrease in amounts due from non-controlling interests		**–**	2,964
Increase in cash held on behalf of clients		**(75,436)**	–
Increase in trade and bills payables		**162,756**	33,562
(Decrease)/increase in other payables and accruals		**(13,932)**	16,720
Decrease in amount due to a related company		**–**	(1,500)
Increase/(decrease) in amounts due to associates		**97,561**	(86,465)
Decrease in amount due to a joint venture		**–**	(4)
(Decrease)/increase in amounts due to non-controlling interests		**(5,544)**	64
Exchange realignment		**2,851**	1,380
Cash generated from operations		**32,778**	95,970
Interest received		**2,771**	2,047
Interest paid	48	**(2,804)**	(4,774)
Income tax paid		**(1,463)**	(1,455)
Net cash generated from operating activities		**31,282**	91,788

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(45,499)**	(17,758)
Proceeds from disposal of property, plant and equipment		**20,164**	79
Decrease in deposits for acquisition of land use rights		**–**	16,700
Purchase of financial assets at fair value through other comprehensive income		**(720)**	–
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	26,107
(Increase)/decrease of other financial assets		**(37,116)**	9,710
Net cash outflow from acquisition of subsidiaries	46	**(30,757)**	(13,424)
Acquisition of an associate		**–**	(2,911)
Net cash inflow from disposal of subsidiaries	47	**759**	148,878
Proceeds from disposal of an associate		**–**	535
Increase in pledged bank deposits		**(21,166)**	(9,464)
Income from other financial assets received		**870**	515
Net cash (used in)/generated from investing activities		**(113,465)**	158,967
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	43	**–**	25,820
Share issue expenses		**–**	(24)
Payment of lease liabilities	48	**(6,758)**	(5,606)
Drawdown of bank loans	48	**50,000**	–
Drawdown of other loans	48	**44,450**	–
Repayment of bank loans	48	**–**	(55,000)
Repayment of other loans	48	**(30,000)**	(22,123)
Repayment of promissory notes	48	**(12,014)**	(1,758)
Net cash generated from/(used in) financing activities		**45,678**	(58,691)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(36,505)**	192,064
Cash and bank balances at beginning of the year		**414,065**	218,888
Effects of foreign exchange rate changes, net		**(18,359)**	3,113
Cash and bank balances at the end of the year		**359,201**	414,065
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**359,201**	414,065

1. GENERAL INFORMATION

Prosperous Future Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at 17/F., Fung House, Nos. 19-20 Connaught Road Central, Central, Hong Kong and in the People's Republic of China (the "Mainland China" or the "PRC") is located at No. 8 North Wuqiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province, the PRC.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the manufacturing and sale of personal care products, provision of food and beverage services, provision of financial services, investment in securities, financing business, properties holding, trading of commodities and investment holding.

During the prior year ended 31 December 2019, the Group discontinued its operation of online platform, details of which are set out in note 12.

The consolidated financial statements of the Group, comprising the Company and its subsidiaries, are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the International Accounting Standard Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

Amendments to IFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and bank balances, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

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

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

3.1 Basis of preparation of consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange ("Listing Rules"). For the purpose of preparation of the consolidated financial statement, information is considered material if such information is reasonably expected to influence decisions made by primary users.

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of preparation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

3.1 Basis of preparation of consolidated financial statements (continued)

Basis of preparation (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety, which are described as follows:

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

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

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

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety) at the end of each reporting period.

3.2 Significant accounting policies

Basis of consolidation

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

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

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

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

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 equity holders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

3.2 Significant accounting policies (continued)

Business combination or assets acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010).

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

3.2 Significant accounting policies (continued)

Business combination or assets acquisitions (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits" respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

– assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

– lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

3.2 Significant accounting policies (continued)

Business combination or assets acquisitions (continued)

Business combinations (continued)

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss when such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

3.2 Significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent period.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

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 over those policies.

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

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

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. The financial statements of associates and joint ventures used for equity accounting purpose are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associates or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

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

3.2 Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part of interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associates or joint ventures.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

3.2 Significant accounting policies (continued)

Property, plant and equipment (continued)

Construction in progress includes property, plant and equipment in the course of construction for production or for administrative purposes and is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are reclassified to the appropriate category of property, plant and equipment when completed and ready for intended use and are depreciated on the same basis of other property assets upon reclassification.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment properties

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

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

3.2 Significant accounting policies (continued)

Investment properties (continued)

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 the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Properties for development

Properties for development is stated at cost less any impairment losses. Cost of the properties includes purchase consideration and other attributable costs of acquisition.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Trademarks

The costs of acquiring the trademarks are amortised on the straight-line basis over their estimated useful lives of ten years.

Copyrights

The costs of acquiring the copyrights are amortised on the straight-line basis over their estimated useful lives of five years.

Derecognition of intangible assets

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

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

3.2 Significant accounting policies (continued)

Impairment of non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount of tangible and intangible assets is estimated individually. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

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

3.2 Significant accounting policies (continued)

Non-current assets held for sale

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

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell which continue to be measured in accordance with the accounting policies as set out in respective sections.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted-average basis and, in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

Financial assets are classified as at FVTPL when the financial asset is held for trading or it is designated as at FVTPL. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including finance lease receivables, loan and interest receivables, factoring receivables, trade receivables, financial assets included in prepayments, deposits and other receivables, contract assets, amount due from an associate, amount due from a joint venture, pledged bank deposits, cash held on behalf of clients and cash and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

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

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

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

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group. Loans receivable are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets

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

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

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

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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

Financial liabilities

Financial liabilities, including trade and bills payables, other payables and accruals, bank and other borrowings, promissory notes payable, and amount due to a related party, associates, a joint venture and non-controlling interest, are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities

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

Offsetting a financial asset and a financial liability

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

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Based on the historical pattern, revenue from sales of personal care products, commodities and frozen food and beverage products are recognised at a point in time basis when the Group satisfies performance obligations by transferring the promised goods to its customers, and revenue from provision of frozen food and beverage products related services are recognised at over time basis.

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

3.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Income from provision of professional services mainly represents fund setup services, fund administration services which are recognised at over time basis and corporate services which are recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Income from provision of dealing in securities and future contracts are recognised at a point in time and asset management and advising on securities services are recognised at over time basis.

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

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it by using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

3.2 Significant accounting policies (continued)

Principal versus agent

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

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

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

Government grants

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

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

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

3.2 Significant accounting policies (continued)

Research and development costs

All research costs are charged to the profit or loss in respect of the period as incurred.

Leases

Definition of a lease

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date of acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments includes:

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

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the leases transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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

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

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

3.2 Significant accounting policies (continued)

Foreign currencies (continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, and a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit or loss in respect of the period as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss in respect of the period as they become payable in accordance with the rules of the central pension scheme.

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

3.2 Significant accounting policies (continued)

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

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

Share-based payment transactions

Share-based payment transactions of the Company

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group (including directors of the Company) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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

3.2 Significant accounting policies (continued)

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

3.2 Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

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

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from a subsidiary in the PRC according to the relevant tax jurisdictions is subject to judgment on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiary in the PRC will not be distributed in the foreseeable future, then no withholding taxes should be provided.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolios in Hong Kong and concluded that the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties in Hong Kong, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Control over Jumbo Excel Investment Corporation ("Jumbo Excel")

Note 57(a) describes that Jumbo Excel Investment Corporation ("Jumbo Excel") is a subsidiary of the Group even though the Group has only a 50% ownership interest in Jumbo Excel, with the remaining ownership interest held by a third party that is unrelated to the Group.

The directors of the Company assessed whether or not the Group has control over Jumbo Excel based on whether the Group has the practical ability to direct the relevant activities of Jumbo Excel unilaterally. In making their judgment, the directors consider the Group's control in the board of and the relative agreement between the Group and the non-controlling interest. As detailed in note 57(a), the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Jumbo Excel and therefore the Group has control over Jumbo Excel. If the directors had concluded that the 50% ownership interest was insufficient to give the Group control, Jumbo Excel would instead have been classified as a joint venture and the Group would have accounted for it using the equity method of accounting.

Key sources of estimation uncertainty

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

Impairment of property, plant and equipment and right-of-use assets

Management of the Group determines on a regular basis whether there are any indications that the property, plant and equipment and right-of-use assets are impaired. Impairment loss for property, plant and equipment and right-of-use assets are impaired when the carrying amounts of each of the assets exceed their respective recoverable amounts, which are determined based on the higher of fair value less costs of disposal and value in use. The fair values of property, plant and equipment and right-of-use assets are estimated by reference to their expected selling prices which are affected by various factors, including market conditions and the technological occurrence. The value in use calculation requires the use of estimates such as the future revenue and discount rates. If the recoverable amounts of property, plant and equipment and right-of-use assets are estimated to be less than their respective carrying amounts, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss in respect of the period. As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets are approximately RMB102,684,000 (2019: RMB85,729,000) and RMB24,516,000 (2019: RMB27,639,000) respectively. No impairment loss of property, plant and equipment and right-of-use assets has been recognised in respect of the current and prior years.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account their estimated residual values. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

Estimation of fair value of investment properties

Investment properties are carried in the consolidated financial statements at their fair value. The best evidence of fair value of the Group's investment properties are current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from: (i) independent valuations; and (ii) external evidence such as current market rates for similar properties in the same location and condition. Details regarding the fair value of the Group's investment properties as at 31 December 2020 are set out in note 18 to the financial statements.

Impairment of properties for development

Management of the Company determines on a regular basis whether the properties for development are impaired. Impairment losses on properties for development are recognised when the carrying amount of the asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair values of the properties are estimated by reference to their expected selling prices which are affected by market conditions. The value in use calculation requires the use of estimates such as the future cash flows and discount rates.

As at 31 December 2020, the carrying amount of properties for development is approximately RMB82,937,000 (2019: RMB99,234,000). Impairment loss of properties for development amounted to RMB11,124,000 (2019: RMB26,451,000) has been recognised in respect of the current year.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will have impacts on the carrying amount of inventories and write-down of inventories in the period in which such estimate is changed. As at 31 December 2020, the carrying amount of inventories is approximately RMB48,261,000 (2019: RMB40,820,000). No impairment loss of inventories was recognised in respect of the current year (2019: Nil).

Impairment of receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables, finance lease receivables and contract assets. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates, taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, the Group's receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

For the assessment of expected credit loss of other financial assets at amortised costs, the Group uses four categories for those financial assets, including factoring receivables, loan and interest receivables, financial assets included in prepayments, deposits and other receivables, amount due from an associate and amount due from a joint venture, which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings, where possible.

The information about the expected credit loss of the Group's receivables are disclosed in note 54.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2020 was RMB37,174,000, after accumulated impairment losses of RMB6,399,000 was recognised. The goodwill at 31 December 2019 was fully impaired (after accumulated impairment losses of RMB2,804,000 was recognised). Details of the impairment loss calculation are set out in note 20.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Fair value measurements and valuation processes

Certain of the Group's financial assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the fair value of the asset or liability is estimated by reference to the valuation performed by appropriate valuers or fund managers.

Information about the valuation techniques and inputs used in determining the fair value of various financial assets are disclosed in note 55.

5. REVENUE

An analysis of the Group's revenue by major products and services categories for the year are as follows:

	2020 RMB'000	2019 RMB'000
Continuing operations		
Revenue from sale of goods	**747,571**	614,039
Income from food and beverage business	**370,463**	186,392
Income from provision of professional services	**29,580**	–
Income from provision of services regarding dealing in securities and futures contracts	**71**	–
Income from asset management and advising on securities services	**1,440**	–
	1,149,125	800,431
Discontinued operations		
Income from operation of online platform	**–**	6,642
Revenue from contracts with customers	**1,149,125**	807,073
Continuing operations		
Interest income from finance lease business	**4,556**	–
Interest income from money lending business	**9,264**	28,960
Interest income from financial assets at fair value through profit or loss	**3,712**	–
Fair value gain on financial assets at fair value through profit or loss	**8,348**	–
Rental income from lease of investment properties	**–**	775
	25,880	29,735
Total revenue	**1,175,005**	836,808

5. REVENUE (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by timing of revenue recognition:

	2020 RMB'000	2019 RMB'000
Timing of revenue recognition		
Continuing operations		
At a point in time	**1,118,788**	794,566
Over time	**30,337**	5,865
	1,149,125	800,431
Discontinued operations		
Over time	**–**	6,642
	1,149,125	807,073

Revenue from sale of goods, mainly comprising personal care products and commodities, is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Income from food and beverage business mainly represents sales of frozen food and beverage products which is recognised at a point in time, when the Group transferred the promised goods and services to customers. Income from food and beverage business also includes service income from provision of related services to customers which is recognised at over time basis.

Income from provision of professional services mainly includes services rendered for (i) fund administration and data analysis which are recognised at over time basis; and (ii) fund setup and other corporate services which are recognised at a point in time.

Income from provision of services regarding dealing in securities and futures contracts are recognised at a point in time.

Income from asset management and advising on securities services are recognised at over time basis.

Based on the historical pattern, the directors of the Company are of the opinion that the income from provision of food and beverage related services, fund administrative services, data analysis services, income from asset management and advising on securities services and income from operation of online platform are derived from services rendered for periods of one year or less. As permitted under IFRS 15, the transaction price which allocated to the unsatisfied contracts is not disclosed.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following operating segments based on their products and services:

Continuing operations

(a) Personal care products – manufacture and sale of skin care, body and hair care products in which can be classified as anti-epidemic products and general products (2019: manufacture and sale of skin care, body and hair care products)

(b) Food and beverage – sale of frozen food and beverage products and provision of related services

(c) Financial services – provision of professional services, such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, data analysis, provision of dealing in securities and futures contracts, advising on securities and asset management services

(d) Securities investment

(e) Financing business – money lending, finance lease and factoring (2019: money lending)

(f) Properties holding

(g) Trading of commodities

During the year, the Group commenced the business engaging in provision of financial services following the acquisitions of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI") and its subsidiaries, Future Growth Financial Services Limited (formerly known as Goldenway Investments (HK) Limited) ("FGFS") and Future Growth Asset Management Limited (formerly known as Goldenway Asset Management Limited) ("FGAM") (as detailed in note 46), and this business is regarded as a new operating and reportable segment by the management of the Group.

6. OPERATING SEGMENT INFORMATION (continued)

Discontinued operations

Operation of online platform

The operation of online platform segment was disposed during the year ended 31 December 2019 and is regarded discontinued operations, details of which set out in note 12.

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment (loss)/profit, which is a measure of adjusted (loss)/profit before tax. The adjusted (loss)/profit before tax is measured consistently with the Group's (loss)/profit before tax except that interest income derived from bank deposits, gain on disposal of subsidiaries, gain on bargain purchase in connection with acquisition of a subsidiary, reversal of impairment loss on interests in associates, impairment loss on goodwill, other unallocated income and gains, finance costs as well as corporate and unallocated expenses are excluded from such measurement.

Segment assets exclude unallocated property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables, amount due from an associate, amount due from a joint venture, interests in associates, interest in a joint venture and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude unallocated other payables and accruals, lease liabilities, promissory notes payable, bank and other borrowings, income tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

6. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations								Discontinued operations		
	Personal care products RMB'000	Food and beverage RMB'000	Financial services RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Sub-total RMB'000	Operation of online platform RMB'000	Sub-total RMB'000	Total RMB'000
Segment revenue and segment results											
Year ended 31 December 2020											
Revenue from external customers	736,876	370,463	31,091	12,060	13,820	–	10,695	1,175,005	–	–	1,175,005
Inter-segment revenue	–	–	74	(74)	–	–	–	–	–	–	–
Segment revenue	736,876	370,463	31,165	11,986	13,820	–	10,695	1,175,005	–	–	1,175,005
Segment (loss)/profit	(17,643)	10,149	9,001	10,618	647	(16,484)	(1,739)	(5,451)	–	–	(5,451)
Interest income from bank deposits								2,771			2,771
Gain on disposal of subsidiaries								746			746
Gain on bargain purchase in connection with acquisition of a subsidiary								1,046			1,046
Reversal of impairment loss on interests in associates								5,500			5,500
Other unallocated income and gains								1,582			1,582
Impairment loss on goodwill								(3,595)			(3,595)
Corporate and other unallocated expenses								(31,377)			(31,377)
Finance costs								(4,674)			(4,674)
Loss before tax								(33,452)			(33,452)
Segment assets and segment liabilities											
As at 31 December 2020											
Segment assets	447,789	127,224	246,517	188,877	88,074	157,851	4,643	1,260,975	–	–	1,260,975
Goodwill											37,174
Corporate and other unallocated assets											131,714
Total assets											1,429,863
Segment liabilities	414,211	35,810	164,511	1,713	2,537	18,987	231	638,000	–	–	638,000
Corporate and other unallocated liabilities											68,603
Total liabilities											706,603

6. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations							Discontinued operations		
	Personal care products RMB'000	Food and beverage RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Subtotal RMB'000	Operation of online platform RMB'000	Subtotal RMB'000	Total RMB'000
Segment revenue and segment results										
Year ended 31 December 2019										
Revenue from external customers	524,480	186,392	–	28,960	775	89,559	830,166	6,642	6,642	836,808
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Segment revenue	524,480	186,392	–	28,960	775	89,559	830,166	6,642	6,642	836,808
Segment (loss)/profit	(38,545)	5,724	(61)	(2,745)	(31,683)	(22,389)	(89,699)	6,606	6,606	(83,093)
Interest income from bank deposits							2,047		–	2,047
Gain on disposal of subsidiaries							28,962		9,840	38,802
Gain on bargain purchase in connection with acquisition of a subsidiary							–		–	–
Reversal of impairment loss on interests in associates							–		–	–
Other unallocated income and gains							686		–	686
Impairment loss on goodwill							(2,804)		–	(2,804)
Corporate and other unallocated expenses							(22,928)		–	(22,928)
Finance costs							(4,774)		–	(4,774)
Loss before tax							(88,510)		16,446	(72,064)
Segment assets and segment liabilities										
As at 31 December 2019 (restated)										
Segment assets	283,327	140,896	33,903	129,888	182,811	8,362	779,187	–	–	779,187
Goodwill										–
Corporate and other unallocated assets										317,169
Total assets										1,096,356
Segment liabilities	190,658	45,323	199	2,486	18,926	11,289	268,881	–	–	268,881
Corporate and other unallocated liabilities										38,134
Total liabilities										307,015

For the current year under review, certain pledged deposits, cash and bank balances and bank and other borrowings that were previously classified as unallocated assets/liabilities have been reallocated to respective segments as a result of change of view of the Group's management in assessing segment performance and deciding how to allocate the Group's resources. Previously reported figures in respect of certain segment assets and segment liabilities as at 31 December 2019 have been restated to conform with the presentation of segmental information adopted in respect of the current year. These restatements of segments assets and segment liabilities have no impact on the Group's revenue and profit/loss for the current and comparative years nor on the total assets and total liabilities of the Group as at 31 December 2020 and 31 December 2019.

6. OPERATING SEGMENT INFORMATION (continued)

	Continuing operations								Discontinued operations		
	Personal care products RMB'000	Food and beverage RMB'000	Financial services RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Sub-total RMB'000	Operation of online platform RMB'000	Sub-total RMB'000	Total RMB'000
Other segment information:											
Year ended 31 December 2020											
Depreciation charge*	**11,879**	**6,125**	**1,764**	**–**	**670**	**–**	**–**	**20,438**	**–**	**–**	**20,438**
Unallocated											**2,131**
Total depreciation charge											**22,569**
Capital expenditure**	**42,981**	**1,039**	**313**	**–**	**72**	**–**	**–**	**44,405**	**–**	**–**	**44,405**
Unallocated											**1,515**
Total capital expenditure											**45,920**

	Continuing operations							Discontinued operations		
	Personal care products RMB'000	Food and beverage RMB'000	Securities investment RMB'000	Financing business RMB'000	Properties holding RMB'000	Trading of commodities RMB'000	Subtotal RMB'000	Operation of online platform RMB'000	Subtotal RMB'000	Total RMB'000
Other segment information:										
Year ended 31 December 2019										
Depreciation charge*	28,128	216	–	3,316	45	–	31,705	–	–	31,705
Unallocated										1,668
Total depreciation charge										33,373
Capital expenditure**	11,885	9,807	–	–	–	–	21,692	–	–	21,692
Unallocated										–
Total capital expenditure										21,692

* Depreciation charge consists of depreciation of property, plant and equipment and right-of-use assets.

** Capital expenditure consists of additions to property, plant and equipment, investment properties and properties for development.

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers as detailed below:

	2020 RMB'000	2019 RMB'000
Continuing operations		
PRC (excluding Hong Kong)	**285,826**	335,481
Hong Kong	**406,498**	213,742
USA	**282,269**	241,443
United Kingdom	**145,642**	31,522
Overseas (excluding USA and United Kingdom)	**54,770**	7,978
	1,175,005	830,166
Discontinued operations		
Hong Kong	**–**	6,642
	1,175,005	836,808

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

		2020 RMB'000	2019 RMB'000
Revenue generated from	**Continuing operations**		
Customer A	Personal care products	**184,430**	200,566
Customer B	Personal care products	**183,380**	191,594

No individual customers of discontinued operations contributing over 10% of the revenue of the Group for both of the years presented.

7. OTHER INCOME AND GAINS

	2020 RMB'000	2019 RMB'000
Continuing operations		
Interest income from bank deposits	**2,771**	2,047
Income derived from other financial assets	**870**	515
Government subsidies (note below)	**5,767**	4,298
Gain on disposal of subsidiaries *(note 47(a))*	**746**	28,962
Gain on disposal of property, plant and equipment	**6,223**	61
Gain on bargain purchase in connection with acquisition of a subsidiary *(note 46(a)(iii))*	**1,046**	–
Reversal of impairment loss on interests in associates *(note 21)*	**5,500**	–
Reversal of impairment loss on loan and interest receivables *(note 25)*	**2,592**	–
Reversal of impairment loss on trade receivables *(note 26)*	**–**	1,911
Sundry income	**3,727**	3,058
	29,242	40,852
Discontinued operations		
Gain on disposal of subsidiaries	**–**	9,840
	29,242	50,692

Note: There are no unfulfilled conditions or contingencies relating to these subsidies.

8. OTHER EXPENSES

	2020 RMB'000	2019 RMB'000
Continuing operations		
Impairment loss on properties for development *(note 19)*	**11,124**	26,451
Impairment loss on loan and interest receivables *(note 25)*	**–**	4,644
Impairment loss on finance lease receivables *(note 29)*	**2,855**	–
Impairment loss on prepayments, deposits and other receivables *(note 27)*	**13,800**	–
Impairment loss on trade receivables *(note 26)*	**20,075**	6,775
Loan and interest receivables written off *(note 25)*	**7,363**	12,586
Loss on disposal of property, plant and equipment	**–**	689
Others	**7**	647
	55,224	51,792

9. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Continuing operations		
Interest on bank borrowings	**1,335**	2,852
Interest on other borrowings	**1,982**	1,640
Finance costs on lease liabilities	**1,357**	282
	4,674	4,774

10. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2020 RMB'000	2019 RMB'000
Continuing operations		
Cost of inventories sold (note a below)	**831,437**	698,793
Depreciation of property, plant and equipment (note a below and note 16)	**14,949**	29,567
Depreciation of right-of-use assets *(note 17)*	**7,620**	3,806
Storage expenses	**18,131**	8,591
Short-term lease expenses *(note 17)*	**1,195**	797
Employee benefit expenses (including directors' remuneration *(note 13)*) (notes a & b below):		
Wages and salaries	**119,138**	74,950
Retirement benefit scheme contributions	**4,739**	5,849
Total staff costs	**123,877**	80,799
Auditors' remuneration		
– audit services	**2,008**	1,977
– non-audit services	**554**	710
Research and development costs included in administrative expenses (note b below)	**38,468**	22,233
Net foreign exchange losses	**22,830**	7,520
Discontinued operations		
Employee benefit expenses (including directors' remuneration)		
Wages and salaries	**–**	3
Total staff costs	**–**	3

10. LOSS BEFORE TAX (continued)

Notes:

(a) The depreciation and employee benefit expenses include amounts of RMB8,049,000 (2019: RMB2,276,000) and RMB64,930,000 (2019: RMB36,899,000) respectively which are also included in the cost of inventories sold.

(b) For the year ended 31 December 2020, the research and development costs include an amount of RMB11,958,000 (2019: RMB7,771,000) relating to staff costs for research and development activities, which also include in the total amounts of employee benefit expenses.

11. INCOME TAX (EXPENSE)/CREDIT

	2020 **RMB'000**	2019 RMB'000
Continuing operations		
Hong Kong Profits Tax	**(3,055)**	–
PRC Enterprise Income Tax	**(284)**	36
Current tax (expense)/credit	**(3,339)**	36
Deferred tax (charge)/credit *(note 42)*	**(1,124)**	1,827
Income tax (expense)/credit from continuing operations	**(4,463)**	1,863
Discontinued operations		
Hong Kong Profits Tax	**–**	(1,090)
Income tax expense from discontinued operations	**–**	(1,090)
Total income tax (expense)/credit	**(4,463)**	773

Under the two-tiered Hong Kong profits tax rates regime, the first HK$2 million of the assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

For the year ended 31 December 2020, Hong Kong profits tax is calculated in accordance with the two-tiered Hong Kong profits tax rates regime. For the year ended 31 December 2019, Hong Kong profit tax was calculated at the rate of 16.5% of the estimated assessable profits.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% of the profit assessable to tax for both of the years presented.

11. INCOME TAX (EXPENSE)/CREDIT (continued)

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

	2020 RMB'000	2019 RMB'000
Continuing operations		
Loss before tax	**(33,452)**	(88,510)
Tax at the applicable tax rates	**(3,130)**	(8,297)
Income not subject to tax	**(5,319)**	(8,255)
Expenses not deductible for tax	**5,190**	5,198
Tax losses not recognised	**7,984**	9,951
Others	**(262)**	(460)
Income tax expense/(credit)	**4,463**	(1,863)
Discontinued operations		
Profit before tax	**–**	6,606
Tax at the applicable tax rates	**–**	1,090
Income tax expense	**–**	1,090

12. DISCONTINUED OPERATIONS

On 23 August 2019, the Company entered into an agreement with an independent third party to dispose of 51% equity interest in a subsidiary, Marvel Paramount Holdings Limited ("**Marvel**"). Marvel, which through its subsidiary, MyBB Media Company Limited, carried out all of the Group's business of online platform operations before the disposal of Marvel. During the prior year ended 31 December 2019, the disposal was completed on 8 October 2019 and the Group discontinued its business of online platform operations.

An analysis of the profit from the discontinued business of operations of online platform segment is set out below.

	1/1/2019 – 8/10/2019 RMB'000
Profit from online platform operations	5,516
Gain on disposal of the subsidiaries *(see note 47(b)(ii))*	9,840
	15,356

The results of online platform operations for the period from 1 January 2019 to 8 October 2019, which were included in discontinued operations, are analysed as follows:

	1/1/2019 – 8/10/2019 RMB'000
Revenue	
Income from operations of online platform	6,642
Cost of sales	(22)
Gross profit	6,620
Selling and distribution expenses	–
Administrative expenses	(14)
Profit before tax	6,606
Income tax expense	(1,090)
Profit for the period	5,516
Net cash outflow from operating activities	(2)
Net cash inflow from investing activities	–
Net cash outflow from financing activities	–
Net decrease in cash and bank balances	(2)

The carrying amounts of the assets and liabilities of Marvel at the date of disposal are disclosed in note 47(b)(ii).

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors and chief executive

	2020 RMB'000	2019 RMB'000
Fees:		
Executive directors	1,572	2,767
Non-executive directors	1,094	741
Independent non-executive directors	642	636
	3,308	4,144
Other emoluments:		
Salaries and discretionary bonuses	2,388	1,469
Equity-settled share-based payments	–	–
Retirement benefit scheme contributions	48	47
	5,744	5,660

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors and chief executive (continued)

An analysis of the directors' emoluments by individual directors are as follows:

	Fees RMB'000	Salaries and discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2020				
Executive directors:				
Mr. Tsai Wallen	415	–	16	431
Mr. Lau Ka Ho [4*]	320	1,681	16	2,017
Mr. Chan Hoi Tik [5]	837	–	16	853
	1,572	1,681	48	3,301
Non-executive directors:				
Mr. Li Zhouxin	747	707	–	1,454
Mr. Sze Wine Him Jaime [3]	347	–	–	347
	1,094	707	–	1,801
Independent non-executive directors:				
Ms. Chan Sze Man	214	–	–	214
Mr. Ma Kwun Yung Stephen	214	–	–	214
Ms. Bu Yanan	214	–	–	214
	642	–	–	642
	3,308	2,388	48	5,744

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors and chief executive (continued)

	Fees RMB'000	Salaries and discretionary bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2019				
Executive directors:				
Mr. Tsai Wallen	439	–	15	454
Mr. Chau Ling 2*	2,132	–	16	2,148
Mr. Lau Ka Ho 4*	194	1,366	16	1,576
Mr. Chan Hoi Tik 5	2	103	–	105
	2,767	1,469	47	4,283
Non-executive director:				
Mr. Li Zhouxin	741	–	–	741
	741	–	–	741
Independent non-executive directors:				
Ms. Chan Sze Man	212	–	–	212
Mr. Ma Kwun Yung Stephen	212	–	–	212
Ms. Bu Yanan	212	–	–	212
	636	–	–	636
	4,144	1,469	47	5,660

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors and chief executive (continued)

1 Mr. Fok King Man Ronald was appointed as an executive director with effect from 8 January 2021.

2 Mr. Chau Ling resigned as an executive director with effect from 31 December 2019.

3 Mr. Sze Wine Him Jaime was appointed as a non-executive director with effect from 3 August 2020.

4 Mr. Lau Ka Ho was appointed as an executive director with effect from 24 May 2019.

5 Mr. Chan Hoi Tik was appointed as an executive director with effect from 31 December 2019.

* Mr. Chau Ling was also the chief executive officer of the Company for the period from 12 December 2018 to 31 December 2019. Mr. Lau Ka Ho was appointed the chief executive officer of the Company from 31 December 2019.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2020 and 2019.

During the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Employees

The five highest emoluments employees in the Group during the year included three directors (2019: three directors).

The emoluments of the remaining two individuals (2019: two individuals) were as follows:

	2020 No. of employees	2019 No. of employees
Below HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$2,000,000	**1**	–

14. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2020 (2019: Nil).

15. LOSS PER SHARE

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

	Continuing and discontinued operations		Continuing operations	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	**(33,909)**	(48,398)	**(33,909)**	(73,354)
	2020	2019	**2020**	2019
	'000	'000	**'000**	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,810,123**	1,611,493	**1,810,123**	1,611,493

The computation of diluted loss per share does not assume the exercise of the Company's share options granted because the exercise prices of those share options were higher than the average market prices for shares of the Company for both of the years ended 31 December 2020 and 31 December 2019.

Diluted loss per share for the year ended 31 December 2020 and 31 December 2019 are not presented as there were no other potential shares in issue for both of the years.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2019	405,507	2,658	58,092	21,786	8,670	–	496,713
Additions	1,488	–	6,093	1,632	226	12,253	21,692
Transferred from construction in progress	208	–	–	–	–	(208)	–
Acquisition of subsidiaries *(note 46(b)(i) and 46(b)(ii))*	–	–	104	1,673	–	–	1,777
Disposals	–	(900)	(17)	(728)	(136)	–	(1,781)
Disposal of a subsidiary *(note 47(b)(i))*	(320,142)	–	(1,021)	(11,403)	(4,928)	(194)	(337,688)
Exchange realignment	–	4	1	26	64	137	232
At 31 December 2019 and 1 January 2020	87,061	1,762	63,252	12,986	3,896	11,988	180,945
Additions	1,009	1,049	21,813	4,980	1,343	15,726	45,920
Transferred from construction in progress	9,215	890	7,104	4,165	–	(21,374)	–
Acquisition of subsidiaries *(note 46(a)(i) and 46(a)(ii))*	–	538	–	4,201	768	–	5,507
Disposals	–	–	(10,842)	(740)	(266)	(4,221)	(16,069)
Disposal of subsidiaries *(note 47(a)(iii))*	–	–	–	–	(3,460)	–	(3,460)
Exchange realignment	–	(130)	(302)	(610)	(255)	(46)	(1,343)
At 31 December 2020	97,285	4,109	81,025	24,982	2,026	2,073	211,500
Accumulated depreciation and impairment:							
At 1 January 2019	262,016	1,802	41,738	15,470	3,864	–	324,890
Depreciation provided for the year *(note 10)*	18,042	686	6,418	2,949	1,472	–	29,567
Acquisition of subsidiaries *(note 46(b)(i) and 46(b)(ii))*	–	–	54	797	–	–	851
Eliminated on disposals	–	(732)	(1)	(212)	(129)	–	(1,074)
Disposal of a subsidiary *(note 47(b)(i))*	(244,884)	–	(439)	(10,449)	(3,296)	–	(259,068)
Exchange realignment	–	3	1	15	31	–	50
At 31 December 2019 and 1 January 2020	35,174	1,759	47,771	8,570	1,942	–	95,216
Depreciation provided for the year *(note 10)*	4,080	242	7,189	2,477	961	–	14,949
Acquisition of subsidiaries *(note 46(a)(i) and 46(a)(ii))*	–	321	–	3,111	365	–	3,797
Eliminated on disposals	–	–	(1,440)	(498)	(190)	–	(2,128)
Disposal of subsidiaries *(note 47(a)(iii))*	–	–	–	–	(2,499)	–	(2,499)
Exchange realignment	–	(30)	(56)	(264)	(169)	–	(519)
At 31 December 2020	39,254	2,292	53,464	13,396	410	–	108,816
Carrying amount:							
At 31 December 2020	58,031	1,817	27,561	11,586	1,616	2,073	102,684
At 31 December 2019	51,887	3	15,481	4,416	1,954	11,988	85,729

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(a) The buildings of the Group are situated on leasehold land use rights in the PRC.

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis over their estimated useful lives and after taking into account their estimated residual value. The principal annual rates used for this purpose are as follows:

Buildings	5%
Leasehold improvement	over the lease terms
Plant and machinery	10%-20%
Furniture, fixtures and office equipment	20% to 33 1/3%
Motor vehicles	20% to 25%

17. RIGHT-OF-USE ASSETS

	Leasehold land RMB'000 (Note b)	Leased properties RMB'000 (Note c)	Total RMB'000
As at 31 December 2020			
Carrying amount	4,799	19,717	24,516
As at 31 December 2019			
Carrying amount	4,940	22,699	27,639
For the year ended 31 December 2020			
Depreciation charge	141	7,900	8,041
Capitalised in property, plant and equipment	–	(421)	(421)
	141	7,479	7,620
For the year ended 31 December 2019			
Depreciation charge	239	5,452	5,691
Capitalised in property, plant and equipment	–	(1,885)	(1,885)
	239	3,567	3,806

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000
Expense relating to short-term leases	**1,195**	797
Total cash outflow for leases	**9,310**	6,403
Additions to right-of-use assets *(note a)*	**6,749**	23,526

Notes:

(a) Amount includes additions of right-of-use assets resulting from new leases entered amounting RMB4,465,000 (2019: RMB23,526,000) and additions of right-of-use assets upon acquisition of subsidiaries amounting RMB2,284,000 (2019: Nil).

(b) The Group owns one industrial building where its manufacturing facilities are primarily located in the PRC. The Group is the registered owner of the property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire the property interests. The leasehold land components of the owned property are presented separately only if the payments made can be allocated reliably.

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

As at 31 December 2020 and 31 December 2019, the Group has extension and/or termination options in a number of leases for offices. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

17. RIGHT-OF-USE ASSETS (continued)

Notes: (continued)

(b) (continued)

The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. There was no potential exposures to these future lease payments for (i) extension options in which the Group is not reasonably certain to exercise and (ii) termination options in which the Group is not reasonably certain not to exercise.

There was no additional lease liabilities recognised during the year ended 31 December 2020 and 31 December 2019 as a result of (i) exercising extension option that the Group was not reasonably certain to exercise and (ii) not exercising termination option that the Group was not reasonably certain not to exercise.

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2020 and 31 December 2019, there is no such triggering event.

18. INVESTMENT PROPERTIES

	2020 **RMB'000**	2019 RMB'000
Investment properties, at fair value		
– in Hong Kong	**71,570**	80,460
Movements during the year are as follows:		
Fair value, at 1 January	**80,460**	115,768
Loss on change in fair value recognised in profit or loss	**(4,450)**	(6,119)
Disposal of subsidiary *(note 47(b)(i))*	**–**	(30,611)
Exchange realignment	**(4,440)**	1,422
Fair value, at 31 December	**71,570**	80,460

The Group's investment properties at 31 December 2020 and 31 December 2019 represents industrial properties on leasehold land.

The Group's investment properties are carried at fair value at 31 December 2020 and 31 December 2019, which are valued by B.I. Appraisal Limited, being independent qualified professional valuer not connected with the Group.

18. INVESTMENT PROPERTIES (continued)

In estimating the fair value of the investment properties, the highest and the best use of the properties is their current use. Direct comparison method adopted for the current year as the investment properties have been vacant during the current year and the directors are of the opinion that the direct comparison method is appropriate for estimation of the fair value of the investment properties at the end of the reporting period. There has been no change from the valuation technique used in the year.

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) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for investment properties	**–**	**–**	**71,570**	**71,570**

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Investment properties	–	–	80,460	80,460

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

18. INVESTMENT PROPERTIES (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

At 31 December 2020

Type of properties	Valuation technique	Significant unobservable inputs	Estimated unobservable inputs	Relationship of unobservable inputs to fair value
Industrial properties in Hong Kong*	Direct comparison method	Unit price per square foot	HK$18,800	The higher the unit price per square foot, the higher the fair value

At 31 December 2019

Type of properties	Valuation technique	Significant unobservable inputs	Estimated unobservable inputs	Relationship of unobservable inputs to fair value
Industrial properties in Hong Kong*	Direct comparison method	Unit price per square foot	HK$19,800	The higher the unit price per square foot, the higher the fair value

* The Group's properties in Hong Kong represent shop unit in the industrial properties.

Under the direct comparison method, the market value of the properties is estimated by making reference to comparable sale evidence in the relevant market, any by cross-referencing whenever appropriate, the value of the properties in the current rents passing and the reversionary income potential of the properties, as observable by the valuer for similar properties in the locality and adjusted based on the valuer knowledge of the factors specific to the respective properties.

A significant increase/decrease in the unit price per square foot would result in a significant increase/decrease in the fair value of the investment properties.

19. PROPERTIES FOR DEVELOPMENT

	2020 **RMB'000**	2019 RMB'000
At cost		
At 1 January	**147,386**	144,814
Exchange realignment	**(8,573)**	2,572
At 31 December	**138,813**	147,386
Accumulated impairment		
At 1 January	**48,152**	20,960
Impairment loss recognised for the year (note 8)	**11,124**	26,451
Exchange realignment	**(3,400)**	741
At 31 December	**55,876**	48,152
Carrying amount at 31 December	**82,937**	99,234

Properties for development represent land and buildings located on leasehold land in Hong Kong, which were acquired by the Group for development purposes. Details of the property development plans are yet to be approved by the relevant government department, accordingly the fair value of these properties, based on completion of redevelopment at the end of the reporting period cannot be ascertained with reasonable certainty.

In view of the uncertainty of the development plans, the directors of the Company consider it appropriate to recognise impairment loss amounted to RMB11,124,000 (2019: RMB26,451,000) on the properties for development which is calculated based on their recoverable amount by reference to the fair value of the properties on the existing state basis.

20. GOODWILL

	2020 RMB'000	2019 RMB'000
Cost		
At 1 January	**2,804**	103,257
Acquisition of subsidiaries *(notes 46(a)(i), 46(a)(ii) and 46(a)(iii))*	**40,769**	2,804
Disposal of a subsidiary *(note 47(b)(ii))*	**–**	(103,257)
At 31 December	**43,573**	2,804
Accumulated impairment losses		
At 1 January	**2,804**	80,457
Impairment loss recognised	**3,595**	2,804
Derecognised on disposal of a subsidiary *(note 47(b)(ii))*	**–**	(80,457)
At 31 December	**6,399**	2,804
Carrying amount		
At 31 December	**37,174**	–

Impairment testing of goodwill

Cost of the goodwill has been allocated for impairment testing purposes to the following groups of cash generating units ("CGUs")

	2020 RMB'000	2019 RMB'000
Food and beverage	**2,804**	2,804
Provision of services regarding dealing in securities and futures contracts (note 46 (a)(ii))	**3,595**	–
Provision of professional services (note 46(a)(i))	**37,174**	–
At 31 December	**43,573**	2,804

Food and beverage

In respect of the goodwill allocated to the CGUs of food and beverage, the Group recognised impairment loss of goodwill amounted to RMB2,804,000 for the prior year ended 31 December 2019 based on the recoverable amount of the CGUs.

Provision of services regarding dealing in securities and futures contracts

In respect of the goodwill allocated to the CGUs of provision of services regarding dealing in securities and futures contracts, the directors consider it appropriate to recognise impairment loss of goodwill amounted to RMB3,595,000 for the current year based on the recoverable amount of the CGUs.

20. GOODWILL (continued)

Provision of professional services

The recoverable amount of this group of CGUs, which were acquired by the Group during the current year, has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

Key assumptions adopted in the preparation of cash flow projections for value in use calculation are as follows:

	2020
Compound annual growth rate of revenue in five-year period	10.00%
Annual growth rate beyond the five-year period	2.40%
Discount rate	24%

The budgeted gross margin used for the preparation of the cash flow projections is based on the past performance and future industry forecast estimated by management.

The average annual revenue growth rate of revenue is estimated by management based on past performance, industry forecast and its expectation of market development. The discount rate used is before tax and reflects specific risks relating to this group of CGUs.

For the year ended 31 December 2020, in respect of the goodwill allocated to the CGUs of provision of professional services, the directors consider it appropriate, due to upward adjustment of future annual growth of revenue after management assessment of the degree of the Group's market participation, not to recognise impairment loss of goodwill based on the recoverable amount of the CGUs. The recoverable amount has been determined by value in use calculation of the present value of expected future cash flows.

21. INTERESTS IN ASSOCIATES

	2020 **RMB'000**	2019 RMB'000
Unlisted associates		
Cost of investments	**16,000**	18,992
Share of post-acquisition loss and other comprehensive loss	**(3,911)**	(4,476)
Impairment loss recognised	**(6,089)**	(11,589)
	6,000	2,927

Movements during the year are as follows:

	2020 **RMB'000**	2019 RMB'000
At 1 January	**2,927**	616
Acquisition of associates	**–**	2,992
Disposal of associates	**–**	(616)
Share of post-acquisition profit/(loss) for the year	**95**	(65)
Reversal of impairment loss recognised *(note 7)*	**5,500**	–
Interests in associates transferred out upon their reclassification to subsidiaries (note ii below)		
– FGFS (note 46a(ii))	**(2,171)**	–
– FGAM (note 46a(iii))	**(235)**	–
– Exchange realignment	**(116)**	–
At 31 December	**6,000**	2,927

21. INTERESTS IN ASSOCIATES (continued)

Particulars of the associates of the Group are as follows:

Name	Place of establishment/ registration and operations	Proportion equity interest held by the Group		Proportion of voting rights held by the Group		Principal activities
		2020	2019	**2020**	2019	
Future Growth Financial Services Limited ("FGFS") (formerly known as "Goldenway Investments (HK) Limited") (note ii) 聚合金融服務有限公司	Hong Kong	**N/A**	10%	**100%**	10%	Dealing in securities and futures contracts
Future Growth Asset Management Limited ("FGAM") (formerly known as "Goldenway Asset Management Limited") (note ii) 聚合資產管理有限公司	Hong Kong	**N/A**	10%	**100%**	10%	Advising on securities and asset management
福建和潤供應鏈管理有限公司 ("Fujian Herun")	Fujian Province, the PRC	**30%**	30%	**30%**	30%	Trading and distribution of personal care products
福建省青蛙王子品牌管理有限公司 ("Frog Prince Brand")	Fujian Province, the PRC	**30%**	30%	**30%**	30%	Holding of intellectual properties

Note:

(i) All the above associates are accounted for using the equity method in these consolidated financial statements.

(ii) On 4 December 2019, Bloom Team Development Limited ("Bloom Team"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire 10% of the issued shares in each of Future Growth Financial Services Limited ("FGFS") (formerly known as "Goldenway Investments (HK) Limited") and Future Growth Asset Management Limited ("FGAM") (formerly known as "Goldenway Asset Management Limited") held by the independent third party at the consideration of HK$3,100,000 and HK$200,000 respectively.

On 23 January 2020, Bloom Team entered into another agreement with the independent third party to acquire the remaining 90% of the issued shares in each of FGFS and FGAM at the consideration of HK$26,418,000 and HK$1,550,000 respectively held by the independent third party. Completion of the acquisition of 90% equity interest in each of FGFS and FGAM took place on 14 October 2020 and FGFS and FGAM became subsidiaries of the Group.

21. INTERESTS IN ASSOCIATES (continued)

During the year, management conducted impairment assessment in the Group's interest in an associate, Fujian Herun based on its recoverable amount, determined by value in use calculation of the present value of expected future cash flow. In view of the management expectation of continuous improvements of profitability of Fujian Herun in future years, reversal of impairment loss amounted to RMB5,500,000 (2019: Nil), which was previously made on investment in this associate, was recognised in profit or loss in respect of the current year.

The following tables illustrate the summarised consolidated financial information in respect of the principal associates, Fujian Herun and its subsidiary, Frog Prince Brand, and the reconciliation of the summarised consolidated financial information to the carrying amount in the consolidated financial statements:

	2020 **RMB'000**	2019 RMB'000
Non-current assets	**31,237**	34,426
Current assets	**278,752**	248,513
Current liabilities	**(261,266)**	(232,197)
Non-current liabilities	**–**	–
Net assets	**48,723**	50,742

	2020 **RMB'000**	2019 RMB'000
Revenue	**446,436**	518,858
Profit/(loss) before tax	**2,656**	(1,046)
Income tax expense	**(990)**	(810)
Profit/(loss) and total comprehensive income/(expense) for the year	**1,666**	(1,856)
Reconciliation to the Group's interest in the associates:		
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets of the associates	**14,617**	15,223
Accumulated unrealised gains on transactions with associates	**(7,180)**	(8,286)
Impairment loss recognised	**(6,089)**	(11,589)
Other adjustment *(note below)*	**4,652**	4,652
Carrying amount of the investment	**6,000**	–

Note: Other adjustment represents the difference between the Group's share of net asset value of the associates and the fair value retained at the date of completion of disposal.

21. INTERESTS IN ASSOCIATES (continued)

The following table illustrates the financial information of the Group's remaining associate that is not material.

	2020 RMB'000	2019 RMB'000
Share of the associate's loss for the year	**(405)**	(65)
Share of the associate's other comprehensive income for the year	**–**	–
Aggregate carrying amount of the Group's interests in associate	**–**	2,927

22. INTEREST IN A JOINT VENTURE

	2020 RMB'000	2019 RMB'000
Unlisted joint ventures		
Cost of investments	**–**	–
Share of post-acquisition losses and other comprehensive income	**(654)**	(920)
Adjustments to write down of amount due from a joint venture *(note 32)*	**654**	920
	–	–

Movements during the year are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**–**	–
Share of post-acquisition profit for the year	**266**	278
Write down of amount due from the joint venture reversed	**(266)**	(278)
At 31 December	**–**	–

22. INTEREST IN A JOINT VENTURE (continued)

Particulars of the joint ventures of the Group are as follows:

Name	Place of establishment/ registration and operations	Proportion equity interest held by the Group		Principal activities
		2020	2019	
Ocean Trader Limited	Hong Kong	**25%**	25%	(2020: Dormant) (2019: Holding of yacht)

Note:

The above joint venture is accounted for using the equity method in these consolidated financial statements.

The following table illustrates the summarised financial information in respect of Ocean Trader Limited and the reconciliation of the summarised financial information to the carrying amount in the consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Non-current assets	**–**	9,932
Current assets	**3,832**	5,748
Current liabilities	**(8,009)**	(21,180)
Net liabilities	**(4,177)**	(5,500)

22. INTEREST IN A JOINT VENTURE (continued)

	2020 RMB'000	2019 RMB'000
Revenue	**1,594**	7,446
Profit before tax	**1,064**	1,111
Income tax expense	**–**	–
Profit and total comprehensive income for the year	**1,064**	1,111
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**25%**	25%
Group's share of profit of the joint venture	**266**	278
Write-down of amount due from a joint venture	**(266)**	(278)
Carrying amount	**–**	–

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 RMB'000	2019 RMB'000
At fair value		
Equity securities listed in Hong Kong	**6,796**	**7,353**
Unlisted investment fund	**20,453**	**25,211**
	27,249	**32,564**

Notes:

(a) Details regarding the fair value of equity securities listed in Hong Kong and unlisted investment fund are set out in note 55.

(b) The unlisted investment fund represents fund established by external fund managers which are principally engaged in securities investments. Under the terms of the fund held by the Group as at 31 December 2020 and 31 December 2019, the Group is eligible to redeem the fund at any time after two years from the date on which the Group made payments to the fund.

24. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	**8,413**	3,991
Work in progress	**819**	2,616
Finished goods	**39,029**	34,213
	48,261	40,820

25. LOAN AND INTEREST RECEIVABLES

	2020 RMB'000	2019 RMB'000
Loan and interest receivables thereon		
– within one year	**36,709**	82,847
– in the second to fifth years	**3,685**	3,631
– over the fifth years	**237**	3,079
	40,631	89,557
Less: impairment loss recognised	**(6,642)**	(9,655)
	33,989	79,902
Analysed for reporting as:		
Non-current assets	**3,922**	6,776
Current assets	**30,067**	73,126
	33,989	79,902

25. LOAN AND INTEREST RECEIVABLES (continued)

Movements during the year are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**79,902**	176,091
Loans made by the Group	**52,673**	64,507
Interest on loan receivables *(note 5)*	**9,264**	28,960
Loans and interest repaid by borrowers	**(100,777)**	(149,516)
Loan and interest written off *(note 8)*	**(7,363)**	(12,586)
Loan and interest disposed *(note below)*	**–**	(24,671)
Impairment loss recognised *(note 8)*	**–**	(4,644)
Reversal of impairment loss recognised	**2,592**	–
Exchange realignment	**(2,302)**	1,761
At 31 December	**33,989**	79,902

Movements of impairment loss on loan and interest receivables are as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**9,655**	4,860
Impairment loss recognised *(note 8)*	**–**	4,644
Reversal of impairment loss recognised *(note 7)*	**(2,592)**	–
Exchange realignment	**(421)**	151
At 31 December	**6,642**	9,655

Note:

On 15 November 2019, Queen's Finance Limited ("**Queen's Finance**"), an indirect wholly-owned subsidiary of the Company, entered into the deed of assignment with Flexi Credits Limited ("**Flexi Credits**"), an independent third party, pursuant to which the Group disposed of its loan receivables from certain parties (together with interests thereon) to Flexi Credits for an aggregate consideration of HK$28,015,000 which approximates the carrying amounts of such loans receivables.

25. LOAN AND INTEREST RECEIVABLES (continued)

Details of loan receivables (excluding interest receivables) are as follows:

31 December 2020

Loan principal amount	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
HK$'000				
16,278	3	10.0% to 16.8%	Within one year after 31 December 2020	Leasehold properties owned by the borrowers
28,294	19	12.0% to 58.0%	Within one year to 8 years after 31 December 2020	Nil
44,572				

31 December 2019

Loan principal amount	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
HK$'000				
16,129	6	13.2% to 31.3%	Within one year to 18 years after 31 December 2019	Leasehold properties owned by the borrowers
78,099	122	12.0% to 58.0%	Within one year to 9 years after 31 December 2019	Nil
94,228				

Loan and interest receivables thereon will be settled by the borrowers at their respective maturity dates.

26. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables arising from provision of dealing in securities and futures contracts services *(note a)*	**95,763**	–
Trade receivables arising from other business *(note b)*	**214,743**	104,521
	310,506	104,521
Less: allowance for trade receivables from other business	**(26,839)**	(6,775)
	283,667	97,746

Notes:

(a) The trade receivables from dealing in securities and futures contracts services represent receivables from clearing house, brokers and cash clients. The settlement terms of these trade receivables are one to two days after trade date. The trade receivables are not past due as at 31 December 2020 based on settlement terms and are not impaired and are settled subsequent to 31 December 2020. No aging analysis of the trade receivables from clearing house, brokers and cash clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(b) Trade receivables arising from other business include trade receivables arising from personal care products, food and beverage and provision of professional services business.

The Group's trading terms with its customers of other business are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (2019: 30 days to 180 days).

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables arising from other business as at the end of the reporting period, based on the invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
Within 30 days	**52,359**	52,954
31 to 60 days	**26,778**	22,956
61 to 90 days	**48,673**	10,301
Over 90 days	**60,094**	11,535
	187,904	97,746

26. TRADE RECEIVABLES (continued)

Notes: (continued)

(b) (continued)

The aged analysis of the trade receivables arising from other business that are not considered to be impaired is as follows:

	2020 **RMB'000**	2019 RMB'000
Neither past due nor impaired	**115,900**	65,212
Past due but not impaired		
– 1 to 30 days	**69,712**	30,547
– Over 30 days	**2,292**	1,987
Total	**187,904**	97,746

The Group's trade receivables arising from other business that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers that have a good track record with the Group and for whom there was no recent history of default.

Based on past experience, the directors are of the opinion that except for the impairment loss made based on the expected credit loss provision, no additional provision for impairment is necessary in respect of receivables that are past due but not impaired as there has not been a significant change in credit quality and these receivables are still considered fully recoverable.

Movements of allowance of trade receivables arising from other business are as follows:

	2020 **RMB'000**	2019 RMB'000
At 1 January	**6,775**	1,911
Impairment loss recognised (note 8)	**20,075**	6,775
Reversal of impairment (note 7)	**–**	(1,911)
Exchange realignment	**(11)**	–
At 31 December	**26,839**	6,775

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Prepayments	**51,328**	32,258
Deposits and other receivables *(note (ii))*	**81,522**	54,000
	132,850	86,258
Less: allowance for prepayments, deposits and other receivables	**(13,800)**	–
	119,050	86,258
Analysis for reporting purposes as:		
Non-current assets	**1,412**	1,499
Current assets	**117,638**	84,759
	119,050	86,258

Notes:

(i) None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

(ii) Included in deposits and other receivables as at 31 December 2020 are amount due from Frog Prince (China), an ex-indirect wholly-owned subsidiary of the Company, amounted to RMB59,544,000 (2019: RMB38,182,000) which is interest free, unsecured and repayable on demand.

Movements of allowance of prepayments, deposits and other receivables are as below:

	2020 RMB'000	2019 RMB'000
At 1 January	**–**	–
Impairment loss recognised *(note 8)*	**13,800**	–
At 31 December	**13,800**	–

28. OTHER FINANCIAL ASSETS

	2020 RMB'000	2019 RMB'000
Financial assets at FVTPL		
Listed bond	**3,491**	–
Other unlisted products *(note (i))*	**33,625**	–
	37,116	–

Note:

(i) The other unlisted products represents short-term investment fund offered by bank for potential interest return.

29. FINANCE LEASE RECEIVABLES

	Minimum lease payments 2020 RMB'000	Minimum lease payments 2019 RMB'000	**Present value of minimum lease payments 2020 RMB'000**	Present value of minimum lease payments 2019 RMB'000
Finance lease receivables:				
Within one year	**34,702**	–	**26,691**	–
In the second year	**12,375**	–	**11,032**	–
In the third year	**176**	–	**169**	–
	47,253	–	**37,892**	–
Less: unearned finance income	**(9,361)**	–	**–**	–
Present value of minimum lease payment receivables	**37,892**	–	**37,892**	–
Less: impairment loss recognised	**(2,855)**	–	**(2,855)**	–
	35,037	–	**35,037**	–

	2020 RMB'000	2019 RMB'000
Analysed for reporting as:		
Current assets	**23,836**	–
Non-current assets	**11,201**	–
	35,037	–

The Group entered into finance lease arrangements as a lessor for equipment and motor vehicles. The average terms of finance leases entered into usually range from 3 to 36 months. All interest rates inherent in the leases are fixed at the contract date over the lease terms. All of the lease contracts are with guaranteed residual values.

For the year ended 31 December 2020, the finance lease receivables increased due to commencement of the finance lease business during the year.

Interest rates implicit in the above finance leases ranged from 19.3% to 42.6% (2019: Nil) per annum, with an average effective interest rate of approximately 39.9% (2019: Nil).

Finance lease receivables are secured over the equipment and motor vehicles leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

30. CONTRACT ASSETS

	2020 **RMB'000**	2019 RMB'000
Provision of professional services	**1,627**	–
	1,627	–

The contract assets primarily relate to the Group's fund administration services for work completed but billed quarterly or annually based on net asset value of funds.

The Group classifies these contract assets as current because contract assets are transferred to trade receivables within one year when the net asset value of funds is known.

31. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is interest free, unsecured and repayable on demand.

32. AMOUNT DUE FROM A JOINT VENTURE

The amount due from a joint venture, which is interest free, unsecured and repayable on demand, is arrived at after deducting the share of loss of the joint venture amounted to RMB654,000 (2019: RMB920,000) (note 22).

33. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES

	2020 **RMB'000**	2019 RMB'000
Pledged bank deposits	**38,072**	16,906
Cash and bank balances	**359,201**	414,065
	397,273	430,971
The pledged bank deposits were pledged for:		
– bills payables *(note 35)*	**38,072**	16,906
Pledged bank deposits	**38,072**	16,906

33. PLEDGED BANK DEPOSITS AND CASH AND BANK BALANCES (continued)

The bank balances and pledged bank deposits to the extent of RMB397,273,000 (2019: RMB430,971,000) earned interest at floating rates based on daily bank deposit rates.

As at 31 December 2020, the Group's cash and bank balances and pledged bank deposits of RMB99,108,000 (2019: RMB170,052,000) and RMB38,072,000 (2019: RMB16,906,000), respectively are denominated in RMB and are placed with banks in the PRC. The exchange of these RMB bank balances and deposits into other currencies is subject to the approval of the PRC government under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

34. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets section of the consolidated statement of financial position, and recognised the corresponding trade payables to the respective clients on the grounds that they are liable for any loss or misappropriation of their clients monies. Cash held on behalf of clients includes brokerage clients, amounted RMB45,546,000 (2019: RMB Nil) and fund administration clients, amounted RMB66,338,000 (2019: RMB Nil). In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance and cash held on behalf of fund administration clients is restricted and governed by guideline on compliance of Anti-money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers.

35. TRADE AND BILLS PAYABLES

	2020 **RMB'000**	2019 RMB'000
Trade payables arising from dealing in securities and futures contracts services *(note a)*	**88,934**	–
Trade and bill payables arising from other business *(note b)*	**267,871**	104,314
	356,805	104,314

Notes:

(a) Trade payables arising from dealing in securities and futures contracts services represent payables to clearing house and cash clients. The settlement terms of these trade payables are two days after trade date.

No aging analysis of the trade payables to clearing house and cash clients is disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(b) Trade and bills payables arising from other business include trade payables arising from personal care products, food and beverage and provision of professional services business.

35. TRADE AND BILLS PAYABLES (continued)

Notes: (continued)

(b) (continued)

An aged analysis of the trade and bills payables arising from other business as at the end of the reporting period, based on invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
Within 30 days	**157,064**	31,880
31 to 90 days	**54,908**	33,886
Over 90 days	**55,899**	38,548
	267,871	104,314

The trade payables are interest free and are normally settled on terms of 30 days to 180 days (2019: 30 days to 180 days).

As at 31 December 2020, bills payables amounted to RMB79,516,000 (2019: RMB53,633,000) included in trade and bills payables were secured by the pledged bank deposits of RMB38,072,000 (2019: RMB16,906,000) (note 33).

36. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Other payables	**3,406**	10,435
Accrued charges	**21,596**	13,680
Contract liabilities	**17,959**	20,222
Other tax payables	**247**	872
	43,208	45,209

Other payables are non-interest-bearing and are normally settled on an average term of one month.

The contract liabilities represent advance payments received from customers for sale of goods. These contract liabilities are expected to be recognised as revenue within the next financial year.

37. BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate per annum	**Month of maturity**	**RMB'000**	Effective interest rate per annum	Month of maturity	RMB'000
Bank borrowings repayable within one year	**3.05%-3.15%**	**February-March 2021**	**50,000**	N/A	N/A	Nil
Other borrowings repayable within one year	**4%-5%**	**April 2021**	**108,098**	4.79%-5%	September-December 2020	96,986
			158,098			96,986

The bank borrowings amounted to RMB50,000,000 outstanding at 31 December 2020 are secured by suppliers of the Group.

Included in other borrowings at 31 December 2020 are borrowings amounted to RMB92,100,000 (2019: RMB70,000,000) and RMB15,998,000 (2019: RMB16,986,000) which are secured by certain shares of subsidiaries and the Group's investment properties with the carrying amount of RMB71,570,000 (2019: RMB80,460,000) at that date respectively. The remaining other borrowing amounted to RMB10,000,000 at 31 December 2019 was unsecured.

37. BANK AND OTHER BORROWINGS (continued)

Movements of the Group's bank and other borrowings for both of the years presented are as follows:

	Bank borrowings RMB'000	Other borrowings RMB'000	Total RMB'000
At 1 January 2019	55,000	118,768	173,768
Repayment during the year	(55,000)	(22,123)	(77,123)
Exchange realignment	–	341	341
At 31 December 2019 and 1 January 2020	–	96,986	96,986
New loan drawdown during the year	50,000	44,450	94,450
Repayment during the year	–	(30,000)	(30,000)
Exchange realignment	–	(3,338)	(3,338)
At 31 December 2020	50,000	108,098	158,098

38. PROMISSORY NOTES PAYABLE

	2020 RMB'000	2019 RMB'000
Promissory notes payable:		
– issued on 21 September 2017 *(Note a)*	–	12,130
– issued on 29 December 2017 *(Note b)*	–	–
	–	12,130

	2020 RMB'000	2019 RMB'000
Analysis for reporting as current liabilities	–	12,130

38. PROMISSORY NOTES PAYABLE (continued)

(a) Promissory note issued on 21 September 2017 (the "Note A")

On 21 September 2017, the Company issued the Note A with the principal amount of HK$13,500,000 as the consideration for the acquisition of the entire interest of Earn Rich Properties Limited ("Earn Rich"), a subsidiary of the Company.

The Note A, which is unsecured, carries no interest and is payable on the maturity date of 12 December 2017, being the first business date after the completion of acquisition by Earn Rich of the entire interest of Nice Source Properties Limited. The Company is also entitled to redeem the whole or part of the Note A at the principal amount at any time before the maturity date. The Note A remained outstanding at 1 January 2019 and 31 December 2019.

During the current year, the Note A was fully repaid by the Group.

(b) Promissory note issued on 29 December 2017 (the "Note B")

On 29 December 2017, the Company issued the Note B with the principal amount of HK$2,000,000 as the consideration for the acquisition of the entire equity interest of Ample Chance Limited.

The Note B, which is unsecured, carries no interest and is payable on the maturity date of 28 June 2018. The Company is also entitled to redeem the whole or part of the Note B at the principal amount at any time before the maturity date.

The Note B was fully repaid by the Group during the prior year ended 31 December 2019.

38. PROMISSORY NOTES PAYABLE (continued)

Movements of the Group's promissory notes payable for both of the years presented are as follows:

	Note A RMB'000	Note B RMB'000	Total RMB'000
At 1 January 2019	11,858	1,757	13,615
Repayment during the year	–	(1,758)	(1,758)
Loss on exchange translation	272	1	273
At 31 December 2019 and 1 January 2020	12,130	–	12,130
Repayment during the year	(12,014)	–	(12,014)
Gain on exchange translation	(116)	–	(116)
At 31 December 2020	–	–	–

39. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates are interest free, unsecured and repayable on demand.

40. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are interest free, unsecured and repayable on demand.

41. LEASE LIABILITIES

	2020 RMB'000	2019 RMB'000
Lease liabilities payable:		
Within one year	**6,595**	5,189
Within a period of more than one year but not more than two years	**5,787**	4,148
Within a period of more than two years but not more than five years	**8,598**	13,187
	20,980	22,524
Less: amount due for settlement within twelve months	**(6,595)**	(5,189)
Amount due for settlement after twelve months shown under non-current liabilities	**14,385**	17,335

42. DEFERRED TAX LIABILITIES/(ASSETS)

	Impairment on loan and interest receivables RMB'000	Withholding taxes RMB'000	Changes in fair value of financial assets at FVTOCI RMB'000	Accelerated depreciation allowance RMB'000	Tax loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	(804)	14,600	533	285	–	–	14,614
(Credited)/charged to the profit or loss *(note 11)*	(767)	–	–	2	(1,056)	(6)	(1,827)
Credited to other comprehensive income, net	–	–	(535)	–	–	–	(535)
Exchange realignment	(25)	–	2	5	(17)	–	(35)
At 31 December 2019 and 1 January 2020	(1,596)	14,600	–	292	(1,073)	(6)	12,217
Charged/(credited) to the profit or loss *(note 11)*	431	–	–	114	607	(28)	1,124
Eliminate on disposal of subsidiary *(note 47(a)(iii))*	–	–	–	(191)	–	–	(191)
Exchange realignment	70	–	–	(23)	37	2	86
As 31 December 2020	(1,095)	14,600	–	192	(429)	(32)	13,236

42. DEFERRED TAX LIABILITIES/(ASSETS) (continued)

	2020 RMB'000	2019 RMB'000
Analysis for reporting as:		
Deferred tax assets included in non-current assets	**(1,524)**	(2,677)
Deferred tax liabilities included in non-current liabilities	**14,760**	14,894
	13,236	12,217

Pursuant to the income tax law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate for the withholding tax is 10%. In estimating the withholding taxes on dividends expected to be distributed by its subsidiary established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future. The aggregate amount of temporary differences associated with the earnings of subsidiaries in Mainland China available for distribution for which deferred tax liabilities have not been recognised approximately RMB326,561,000 at 31 December 2020 (2019: RMB349,796,000).

At 31 December 2020, there were no significant unrecognised deferred tax liabilities (2019: Nil) for withholding taxes that would be payable on the unremitted earnings of the Company's subsidiary expected to be distributed, after considering the abovementioned factors, in the foreseeable future.

The Group has tax losses arising in Hong Kong of RMB11,465,000 (2019: RMB5,594,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, of which the respective tax losses are subject to agreement by the Inland Revenue Department in Hong Kong. The Group also has tax losses arising in Mainland China of RMB24,369,000 (2019: RMB588,628,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of such tax losses due to the unpredictability of future profit streams.

43. SHARE CAPITAL

	2020		2019	
	Number of ordinary shares '000	**Share capital RMB'000**	Number of ordinary shares '000	Share capital RMB'000
Authorised:				
Ordinary shares of HK$0.01 each	**5,000,000**	**41,524**	5,000,000	41,524
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At 1 January	**1,810,123**	**15,348**	1,390,123	11,649
Issue of shares on acquisition of subsidiaries (note 46(b)(i))	**–**	**–**	200,000	1,762
Placing of shares (note below)	**–**	**–**	220,000	1,937
At 31 December	**1,810,123**	**15,348**	1,810,123	15,348

Note:

On 15 July 2019, the Company issued 220,000,000 ordinary shares at HK$0.136 per share for a total cash consideration of HK$29,920,000 (equivalent to RMB25,820,000) to provide additional working capital to the Company.

44. SHARE OPTION SCHEME

On 22 June 2011, the Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include, among others, the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and the Company's shareholders. The Scheme was conditionally approved on 22 June 2011, for 10 years from that date. The Scheme became effective on 15 July 2011 upon the listing of the Company's shares on the Stock Exchange. The limit of the Scheme was refreshed on 28 June 2019 and the Scheme will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

44. SHARE OPTION SCHEME (continued)

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors (excluding the independent non-executive director who or whose associate is the grantee of the option). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of: (i) the nominal value of the Company's shares; (ii) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (iii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements of share options during the year are as follows:

	2020		2019	
	Weighted average exercise price per share HK$	**Number of options '000**	Weighted average exercise price per share HK$	Number of options '000
As at 1 January	**1.43**	**77,747**	1.26	93,655
Granted during the year	**–**	**–**	–	–
Forfeited during the year	**1.35**	**(1,422)**	0.42	(15,908)
At 31 December	**1.43**	**76,325**	1.43	77,747

44. SHARE OPTION SCHEME (continued)

The following options granted were forfeited during the years ended 31 December 2020 and 2019:

2020 Number of options '000	**Exercise price per share HK$**	**Exercise period**
54	**1.92**	**14-10-2012 to 13-10-2021**
68	**2.94**	**21-06-2013 to 20-06-2022**
550	**1.83**	**26-09-2015 to 25-09-2024**
750	**0.81**	**18-01-2017 to 27-12-2025**
1,422		

2019 Number of options '000	Exercise price per share HK$	Exercise period
60	1.92	14-10-2012 to 13-10-2021
48	2.94	21-06-2013 to 20-06-2022
250	1.83	26-09-2015 to 25-09-2024
250	0.81	18-01-2017 to 27-12-2025
15,300	0.38	24-05-2017 to 23-05-2027
15,908		

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020 Number of options '000	**Exercise price per share HK$**	**Exercise period**
8,790	**1.92**	**14-10-2012 to 13-10-2021**
7,058	**2.94**	**21-06-2013 to 20-06-2022**
22,140	**1.83**	**26-09-2015 to 25-09-2024**
28,637	**0.81**	**18-01-2017 to 27-12-2025**
9,700	**0.81**	**20-01-2017 to 27-12-2025**
76,325		

44. SHARE OPTION SCHEME (continued)

2019 Number of options '000	Exercise price per share HK$	Exercise period
8,844	1.92	14-10-2012 to 13-10-2021
7,126	2.94	21-06-2013 to 20-06-2022
22,690	1.83	26-09-2015 to 25-09-2024
29,387	0.81	18-01-2017 to 27-12-2025
9,700	0.81	20-01-2017 to 27-12-2025
77,747		

At the end of the reporting period, the Company had approximately 76,325,000 (2019: 77,747,000) share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of approximately 76,325,000 (2019: 77,747,000) additional ordinary shares of the Company which would give rise to the total proceeds of HK$109,196,000 (2019: HK$111,114,000).

On 22 January 2021, the Company granted 159,000,000 share options to certain directors, employees and consultants of the Group, details of which are set out in note 58(a).

On 23 February 2021, the Company gave a written notice to the consultants of the Group to cancel the 39,000,000 share options granted to these consultants, details of which are set out in note 58(b).

Up to the date of approval of these consolidated financial statements, the Company had approximately 196,325,000 share options outstanding under the Scheme, which represented approximately 10.84% of the Company's shares in issue as at that date.

45. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity set out on pages 62 and 63.

Statutory reserve fund

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the entities' registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital after such usages.

46. ACQUISITION OF SUBSIDIARIES

	2020 **RMB'000**	2019 RMB'000
Net outflow of cash and bank balances on the acquisition of:		
– Ayasa Globo BVI *(note (a)(i))*	**24,575**	–
– FGFS *(note (a)(ii))*	**5,987**	–
– FGAM *(note (a)(iii))*	**195**	–
– Real Power *(note (b)(i))*	**–**	12,746
– China Cold Chain *(note (b)(ii))*	**–**	678
Net cash outflow included in cash flows used in investing activities	**30,757**	13,424

(a) Acquisition of subsidiaries during the year ended 31 December 2020

(i) Acquisition of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI")

On 20 March 2020, the Group, as purchaser, and an independent third party, as vendor, entered into a sale and purchase agreement, pursuant to which the vendor has agreed to sell and the purchaser has agreed to acquire 60% issued share capital of Ayasa Globo BVI for a consideration of HK$42,000,000 (equivalent to RMB38,290,000).

Ayasa Globo BVI is principally engaged in investment holding. The subsidiaries of Ayasa Globo BVI are principally engaged in the provision of professional services, including fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services. Completion of the acquisition of Ayasa Globo BVI took place on 29 April 2020 and Ayasa Globo BVI and its subsidiaries became subsidiaries of the Company. The acquisition of Ayasa Globo BVI is to allow the Group to achieve a synergy effect with its fund setup and administration business.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(i) Acquisition of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI") (continued)

The acquisition of Ayasa Globo BVI has been accounted for using the purchase method.

Pursuant to the sale and purchase agreement, the Group shall have the right to exercise the put option (the "Put Option") at its discretion to require the vendor, to purchase 60% of the issued shares of Ayasa Globo BVI from the Group at a purchase price of HK$42,000,000, in the sole event that the accumulated actual audited consolidated profit before tax of Ayasa Globo BVI for each of the two financial years ending 31 March 2021 and 31 March 2022 is less than HK$15,720,000 (the "Profit Achievement").

Management of the Group is of the view that the fair value of the Put Option is insignificant as it is believed that the Profit Achievement will be achieved by Ayasa Globo BVI, accordingly, the Put Option is not recognised in the consolidated financial statements.

Assets and liabilities recognised at the date of acquisition:

	RMB'000
Assets	
Property, plant and equipment	**1,447**
Right-of-use assets	**2,131**
Trade receivables	**5,358**
Prepayments, deposits and other receivables	**948**
Income tax recoverable	**311**
Cash and bank balances	**13,715**
Liabilities	
Trade payables	**(1,259)**
Amount due to non-controlling interest	**(6,109)**
Other payables and accruals	**(11,082)**
Lease liabilities	**(2,131)**
Income tax payable	**(1,471)**
Total identifiable net assets acquired	**1,858**

The trade and other receivables acquired with a fair value of RMB5,358,000 at the date of acquisition had gross contractual amount of RMB5,358,000. No contractual cash flows from the receivables are expected not to be collected.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(i) Acquisition of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI") (continued)

Goodwill arising on acquisition

	RMB'000
Consideration transferred	
– Cash paid	**38,290**
Non-controlling interests	**742**
Recognised amount of identifiable net assets acquired	**(1,858)**
Goodwill arising on acquisition (note 20)	**37,174**

Acquisition related costs are insignificant. Such costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

The non-controlling interests recognised at the acquisition date was measured by reference to the proportional share of recognised amounts of consolidated net assets of Ayasa Globo BVI.

An analysis of cash flows in respect of the acquisition of Ayasa Globo BVI and its subsidiaries is as follows:

	RMB'000
Consideration paid in cash	**(38,290)**
Cash and bank balances acquired	**13,715**
Net cash outflow	**(24,575)**

Included in loss of the Group for the year is profit of RMB7,077,000 attributable to the additional business generated by Ayasa Globo BVI and its subsidiaries. The Group's revenue for the year includes RMB27,978,000 generated from Ayasa Globo BVI and its subsidiaries.

Had the acquisition been completed on 1 January 2020, revenue for the year of the Group would have been RMB1,188,994,000, and loss for the year of the Group would have been RMB34,376,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(i) Acquisition of Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo BVI") (continued)

In determining the 'pro-forma' revenue and profit/loss of the Group had Ayasa Globo BVI and its subsidiaries been acquired at the beginning of the current year, the directors of the Company have:

- calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(ii) Acquisition of Future Growth Financial Services Limited ("FGFS")

FGFS was a 10% equity-owned associate of the Group as at 31 December 2019 and the principal activities of FGFS are provision of services regarding dealing in securities and futures contracts. On 23 January 2020, Bloom Team entered into a sale and purchase agreement with the shareholders of FGFS to acquire the remaining 90% of the issued shares in FGFS at the consideration of HK$26,418,000. Completion of the acquisition of 90% equity interest in FGFS took place on 14 October 2020 and FGFS became a subsidiary of the Company. Upon completion, the Group, through FGFS, obtained the relevant SFC licenses to carry on Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO in Hong Kong.

The acquisition of FGFS has been accounted for using the purchase method.

Assets acquired and liabilities recognised at the date of acquisition:

	RMB'000
Assets	
Property, plant and equipment	**263**
Right-of-use assets	**153**
Trade receivables	**86,464**
Prepayments, deposits and other receivables	**1,703**
Cash held on behalf of clients	**36,448**
Cash and bank balances	**16,907**
Liabilities	
Trade payables	**(88,476)**
Other payables and accruals	**(272)**
Amount due to a fellow subsidiary	**(31,566)**
Lease liabilities	**(154)**
Total identifiable net assets acquired	**21,470**

The trade and other receivables acquired with a fair value of RMB86,573,000 at the date of acquisition had gross contractual amount of RMB86,573,000. No contractual cash flows from the receivables are expected not to be collected.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(ii) Acquisition of Future Growth Financial Services Limited ("FGFS") (continued)

Goodwill on acquisition

	RMB'000
Consideration transferred	
– Cash paid for acquisition of 90% equity interest in FGFS	**22,894**
Fair value of 10% equity interest in FGFS held by the Group	**2,171**
Recognised amount of identifiable net assets acquired	**(21,470)**
Goodwill arising on acquisition *(note 20)*	**3,595**

Impairment of the goodwill arising on acquisition amounted to RMB3,595,000 was recognised in profit or loss in respect of the current year (note 20).

Acquisition related costs are insignificant. Such costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

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

	RMB'000
Consideration paid in cash	**(22,894)**
Cash and bank balances acquired	**16,907**
Net cash outflow	**(5,987)**

Included in loss of the Group for the year is loss of RMB234,000 attributable to the additional business generated by FGFS. The Group's revenue for the year includes RMB1,037,000 generated from FGFS.

Had the acquisition been completed on 1 January 2020, revenue for the year of the Group would have been RMB1,176,000,000, and loss for the year of the Group would have been RMB41,625,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(ii) Acquisition of Future Growth Financial Services Limited ("FGFS") (continued)

In determining the 'pro-forma' revenue and profit/loss of the Group had FGFS been acquired at the beginning of the current year, the directors of the Company have:

- calculated depreciation of property, plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(iii) Acquisition of Future Growth Asset Management Limited ("FGAM")

FGAM was a 10% equity-owned associate of the Group as at 31 December 2019 and the principal activities of FGAM are asset management and advising on securities services. On 23 January 2020, Bloom Team entered into a sale and purchase agreement with the shareholders of FGAM to acquire the remaining 90% of the issued shares in FGAM at the consideration of HK$1,550,000. Completion of the acquisition of 90% equity interest in FGAM took place on 14 October 2020 and FGAM became a subsidiary of the Company. Upon completion, the Group, through FGAM, obtained the relevant SFC licenses to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO in Hong Kong.

The acquisition of FGAM has been accounted for using the purchase method.

Assets acquired and liabilities recognised at the date of acquisition:

	RMB'000
Assets	
Amount due from a fellow subsidiary	978
Income tax recoverable	37
Prepayments, deposits and other receivables	952
Cash and bank balances	1,148
Liabilities	
Other payables and accruals	(491)
Total identifiable net assets acquired	2,624

The other receivables acquired with a fair value of RMB952,000 at the date of acquisition had gross contractual amount of RMB952,000. No contractual cash flows from the receivables are expected not to be collected.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(iii) Acquisition of Future Growth Asset Management Limited ("FGAM") (continued)

Gain on bargain purchase

	RMB'000
Consideration transferred	
– Cash paid for acquisition of 90% equity interest in FGAM	1,343
Fair value of 10% equity interest in FGAM held by the Group	235
Recognised amount of identifiable net assets acquired	(2,624)
Gain on bargain purchase *(note 7)*	(1,046)

Gain on bargain purchase arising on acquisition amounted to RMB1,046,000 was recognised in profit or loss in respect of the current year. Such gain arose as a result of the excess of the Group's share of net assets of FGAM over the aggregate of the consideration transferred and the fair value of 10% equity interests held by the Group. The consideration for acquisition was determined at the date of the related acquisition agreement and the amount of net assets of FGAM at the completion date of the acquisition is above that at the date of the acquisition agreement because the FGAM was profitable during the period between the date of the acquisition agreement and the completion date of the acquisition.

Acquisition related costs are insignificant. Such costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

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

	RMB'000
Consideration paid in cash	(1,343)
Cash and bank balances acquired	1,148
Net Cash outflow	(195)

Included in loss of the Group for the year is profit of RMB433,000 attributable to the additional business generated by FGAM. The Group's revenue for the year includes RMB1,440,000 generated from FGAM.

Had the acquisition been completed on 1 January 2020, revenue for the year of the Group would have been RMB1,178,000,000, and loss for the year of the Group would have been RMB37,014,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

46. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of subsidiaries during the year ended 31 December 2020 (continued)

(iii) Acquisition of Future Growth Asset Management Limited ("FGAM") (continued)

In determining the 'pro-forma' revenue and profit/loss of the Group had FGAM been acquired at the beginning of the current year, the directors of the Company have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

(b) Acquisition of subsidiaries during the year ended 31 December 2019

(i) Acquisition of Real Power International Group Limited ("Real Power")

Real Power was a 20% equity-owned associate of the Group as at 31 December 2018. On 1 March 2019, the Company as purchaser, and Pine Victory Limited ("Pine Victory"), as a vendor, entered into a sales and purchase agreement, pursuant to which the vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire 80% of the issued share capital of Real Power not owned by the Group for a consideration of HK$42,000,000. Real Power and its subsidiaries are principally engaged in the food and beverage service industry in trading of frozen food and beverage products.

The acquisition of 80% equity interest in Real Power was completed on 29 May 2019. Following completion, Real Power and its subsidiaries became wholly-owned subsidiaries of the Company. The acquisition of Real Power is to enable the Group to engage in provision of food and beverage services in Hong Kong.

Pursuant to the acquisition agreement, the consideration to the extent of HK$22,000,000 was satisfied by cash with the remaining balance of HK$20,000,000 satisfied by the issue of 200,000,000 new shares of the Company.

46. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries during the year ended 31 December 2019 (continued)

(i) Acquisition of Real Power International Group Limited ("Real Power") (continued)

The acquisition of Real Power has been accounted for using the purchase method.

Acquisition related costs are insignificant. Such costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	RMB'000
Assets	
Property, plant and equipment	75
Inventories	23,474
Trade receivables	36,128
Prepayments, deposits and other receivables	139
Cash and bank balances	6,639
Liabilities	
Trade payables	(79)
Other payables and accruals	(4,977)
Amount due to the ultimate holding company	(2,820)
Total identifiable net assets acquired	58,579

The fair value of trade and other receivables at the date of acquisition amounted to RMB36,267,000. The gross contractual amount of the trade and other receivables acquired amounted to RMB36,267,000. No contractual cash flows at acquisition date is expected to be distributed.

Goodwill on acquisition

	RMB'000
Consideration transferred	
– Cash paid	19,385
– Shares issued by the Company	30,666
Total consideration for acquisition of 80% equity interest in Real Power	50,051
Fair value of 20% equity interest in Real Power held by the Group	11,051
Recognised amount of identifiable net assets acquired	(58,579)
Goodwill arising on acquisition *(note 20)*	2,523

Impairment of the goodwill arising on acquisition amounted to RMB2,523,000 was recognised in profit or loss in respect of the current year.

46. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries during the year ended 31 December 2019 (continued)

(i) Acquisition of Real Power International Group Limited ("Real Power") (continued)

An analysis of cash flows in respect of the acquisition of Real Power and its subsidiaries is as follows:

	RMB'000
Consideration paid in cash	(19,385)
Cash and bank balances acquired	6,639
Net cash outflow	(12,746)

Included in the loss of the Group for the prior year ended 31 December 2019 is the profit of RMB5,559,000 attributable to the additional business generated by Real Power and its subsidiary. The Group's revenue for the prior year ended 31 December 2019 includes RMB180,527,000 generated from Real Power and its subsidiary.

Had the acquisition been completed on 1 January 2019, revenue for the prior year ended 31 December 2019 of the Group would have been RMB948,773,000, and loss for the prior year ended 31 December 2019 of the Group would have been RMB67,245,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit/loss of the Group had Real Power and its subsidiary been acquired at the beginning of the prior year ended 31 December 2019, the directors of the Company have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

46. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries during the year ended 31 December 2019 (continued)

(ii) Acquisition of China Cold Chain Company Limited ("China Cold Chain")

On 4 June 2019, the Group as purchaser, and certain third parties, as vendors, entered into a sale and purchase agreement, pursuant to which the vendors has agreed to sell and the Group has agreed to acquire 100% issued share capital of China Cold Chain for a consideration of HK$800,000 (equivalent to RMB705,000).

China Cold Chain is principally engaged in the provision of frozen warehouse services business. The acquisition of China Cold Chain was completed on 4 June 2019. Following completion, China Cold Chain became a wholly-owned subsidiary of the Company. The acquisition of China Cold Chain is to allow the Company to achieve a synergy effect with the food and beverage service business.

The acquisition of China Cold Chain has been accounted for using the purchase method.

Acquisition related costs are insignificant. Such costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	RMB'000
Assets	
Property, plant and equipment	851
Prepayments, deposits and other receivables	518
Cash and bank balances	27
Liabilities	
Other payables and accruals	(971)
Income tax payable	(1)
Total identifiable net assets acquired	424

The fair value of other receivables at the date of acquisition amounted to RMB305,000. The gross contractual amount of other receivables acquired amounted to RMB305,000. No contracted cash flows at acquisition date is expected to be distributed.

46. ACQUISITION OF SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries during the year ended 31 December 2019 (continued)

(ii) Acquisition of China Cold Chain Company Limited ("China Cold Chain") (continued)

Goodwill on acquisition

	RMB'000
Consideration transferred	
– cash paid	705
Recognised amount of identifiable net assets acquired	(424)
Goodwill arising on acquisition *(note 20)*	281

Impairment of the goodwill arising on acquisition amounted to RMB281,000 was recognised in profit or loss in respect of the current year.

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

	RMB'000
Consideration paid in cash	(705)
Cash and bank balances acquired	27
Net cash outflow	(678)

Included in loss of the Group for the year is profit of RMB87,000 attributable to the additional business generated by China Cold Chain. The Group's revenue for the year includes RMB5,865,000 generated from China Cold Chain.

Had the acquisition been completed on 1 January 2019, revenue for the prior year ended 31 December 2019 of the Group would have been RMB832,801,000, and loss for the prior year ended 31 December 2019 of the Group would have been RMB71,157,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit/loss of the Group had China Cold Chain been acquired at the beginning of the prior year ended 31 December 2019, the directors of the Company have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

47. DISPOSAL OF SUBSIDIARIES

	2020 **RMB'000**	2019 RMB'000
Net cash inflow/(outflow) on disposal of:		
– Ample Chance Limited ("Ample Chance") *(note (a)(i))*	**–**	–
– Chap Yik Limited ("Chap Yik") *(note (a)(ii))*	**(46)**	–
– Overseas Travel Science and Technology Limited ("Overseas Travel") *(note (a)(iii))*	**805**	–
– Golden Virtue Investment Holdings Limited ("Golden Virtue") *(note (b)(i))*	**–**	112,684
– Marvel Paramount Holdings Limited ("Marvel") *(note (b)(ii))*	**–**	36,194
	759	148,878

(a) Disposal of subsidiaries during the year ended 31 December 2020

(i) Disposal of Ample Chance

On 22 June 2020, the Company disposed of its 100% equity interest in a subsidiary, Ample Chance, for an aggregate cash consideration of HK$1 to an independent third party. Ample Chance and its subsidiary are principally engaged in the investment holding. The disposal was completed on 22 June 2020.

Ample Chance and its subsidiary had no assets and liabilities at the date of disposal. The net cash inflow from disposal of subsidiaries were HK$1.

Loss on disposal of subsidiaries

	RMB'000
Cash consideration	**–**
Net assets disposed of	**–**
Exchange fluctuation reserve released upon disposal	**(65)**
Loss on disposal of subsidiaries	**(65)**

47. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries during the year ended 31 December 2020 (continued)

(ii) Disposal of Chap Yik

On 14 August 2020, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Chap Yik, for an aggregate cash consideration of HK$30,000 (equivalent to RMB27,000). Chap Yik is principally engaged in money lending. The disposal was completed on 14 August 2020.

An analysis of assets and liabilities over which control was lost:

	RMB'000
Prepayments, deposits and other receivables	**18**
Cash and bank balances	**73**
Net assets disposed of	**91**

Loss on disposal of subsidiaries

	RMB'000
Cash consideration	**27**
Net assets disposed of	**(91)**
Exchange fluctuation reserve released upon disposal	**10**
Loss on disposal of subsidiary *(note 7)*	**(54)**

An analysis of cash flows from the disposal of subsidiary as follows:

	RMB'000
Cash consideration received	**27**
Cash and bank balances disposed of	**(73)**
Net cash outflow from disposal of subsidiary	**(46)**

47. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries during the year ended 31 December 2020 (continued)

(iii) Disposal of Overseas Travel

On 18 December 2020, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Overseas Travel, for an aggregate cash consideration of approximately HK$955,000 (equivalent to RMB805,000). Overseas Travel is principally engaged in holding of motor vehicles. The disposal was completed on 18 December 2020.

An analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	961
Prepayments, deposits and other receivables	2
Other payables and accruals	(806)
Deferred tax liabilities	(191)
Net liabilities disposed of	(34)

Gain on disposal of subsidiaries

	RMB'000
Cash consideration	805
Net liabilities disposed of	34
Exchange fluctuation reserve released upon disposal	26
Gain on disposal of subsidiaries *(note 7)*	865

An analysis of cash flows from the disposal of subsidiaries as follows:

	RMB'000
Cash consideration received	805
Cash and bank balances disposed of	–
Net cash inflow from disposal of subsidiaries	805

(b) Disposal of subsidiaries during the year ended 31 December 2019

(i) Disposal of Golden Virtue

On 10 July 2019, the Company entered into an agreement with an independent third party to dispose of 100% equity interest in a subsidiary, Golden Virtue, for an aggregate cash consideration of HK$125,000,000. Golden Virtue and its subsidiary are principally engaged in the property holding. The disposal was completed on 14 October 2019.

47. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries during the year ended 31 December 2019 (continued)

(i) Disposal of Golden Virtue (continued)

An analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	78,620
Right-of-use assets	5,600
Investment properties *(note 18)*	30,611
Trade receivables	138
Prepayments, deposits and other receivables	3,551
Amounts due from group companies	20
Other financial assets	4,300
Cash and bank balances	466
Trade and bills payables	(69)
Other payables and accruals	(21,710)
Income tax payable	(7,403)
Amounts due to group companies	(18,800)
Net assets disposed of	75,324

Gain on disposal of subsidiaries

	RMB'000
Cash consideration	113,150
Net assets disposed of	(75,324)
Exchange fluctuation reserve released upon disposal	(8,864)
Gain on disposal of subsidiaries *(note 7)*	28,962

An analysis of cash flows from the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	113,150
Cash and bank balances disposed of	(466)
Net cash inflow from disposal of subsidiaries	112,684

47. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries during the year ended 31 December 2019 (continued)

(ii) Disposal of Marvel

On 23 August 2019, the Company entered into an agreement with an independent third party to dispose of 51% equity interest in a subsidiary, Marvel, for an aggregate cash consideration of HK$40,000,000. Marvel is an investment holding company and, through its subsidiary, MyBB Media Company Limited, is principally engaged in operations of online platform, . The disposal was completed on 8 October 2019.

An analysis of assets and liabilities over which control was lost:

	RMB'000
Goodwill *(note 20)*	22,800
Trade receivables	8,773
Amount due from a shareholder	3,115
Trade payables	(28)
Other payables and accruals	(22)
Income tax payable	(5,108)
Amounts due to group companies	(6)
Net assets disposed of	29,524

Gain on disposal of subsidiaries

	RMB'000
Cash consideration	36,194
Net assets disposed of	(29,524)
Non-controlling interests	2,802
Exchange fluctuation reserve released upon disposal	368
Gain on disposal of subsidiaries *(note 7)*	9,840

An analysis of cash flows from the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration received	36,194
Cash and bank balances disposed of	–
Net cash inflow from disposal of subsidiaries	36,194

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables (included in other payables and accruals) RMB'000	Promissory notes payable RMB'000	Bank borrowings RMB'000	Other borrowings RMB'000	Leases liabilities RMB'000	Total RMB'000
At 31 December 2018	–	13,615	55,000	118,768	–	187,383
Adjustment upon application of IFRS 16	–	–	–	–	28,130	28,130
At 1 January 2019	–	13,615	55,000	118,768	28,130	215,513
Financing cash outflows	–	(1,758)	(55,000)	(22,123)	(5,606)	(84,487)
Finance costs for the year	4,492	–	–	–	282	4,774
Interest paid included in operating cash flows	(4,492)	–	–	–	(282)	(4,774)
Loss on exchange translation	–	273	–	–	–	273
Exchange realignment	–	–	–	341	–	341
At 31 December 2019 and 1 January 2020	–	12,130	–	96,986	22,524	131,640
Financing cash inflows	–	–	50,000	44,450	–	94,450
Financing cash outflows	–	(12,014)	–	(30,000)	(6,558)	(48,572)
Recognition of right-of-use assets and lease liabilities	–	–	–	–	6,750	6,750
Finance costs for the year	3,317	–	–	–	1,357	4,674
Interest paid included in operating cash flows	(1,447)	–	–	–	(1,357)	(2,804)
Gain on exchange translation	–	(116)	–	–	–	(116)
Exchange realignment	–	–	–	(3,338)	(1,736)	(5,074)
At 31 December 2020	**1,870**	**–**	**50,000**	**108,098**	**20,980**	**180,948**

49. MAJOR NON-CASH TRANSACTIONS

During the prior year ended 31 December 2019, the Group acquired 80% issued share capital of Real Power International Group Limited for a consideration of HK$42,000,000, of which HK$20,000,000 was satisfied by the issue of 200,000,000 new shares of the Company, details of which are set out in note 46(b)(i).

50. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2020 **RMB'000**	2019 RMB'000
Contracted, but not provided for:		
Purchase of items of property, plant and equipment	**8,113**	1,323

51. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2020 and 31 December 2019.

52. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances with related parties detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	Notes	2020 RMB'000	2019 RMB'000
Associates:			
Sale of products	(a)	**184,430**	36,490
Purchase of products	(a)	**29,007**	187
License fee	(b)	**6,604**	5,500
Substantial shareholder:			
Consultancy fee	(c)	**107**	36
Non-controlling interests:			
Consultancy fee	(d)	**784**	–
Asset management fee	(e)	**322**	–
Service fee	(e)	**1,602**	–
Service income	(e)	**355**	–

Notes:

(a) Sale to, purchase from and miscellaneous income from an associate, Fujian Herun, were made on mutually agreed terms.

(b) License fee paid to an associate, Frog Prince Brand, was made on mutually agreed terms.

(c) Consultancy fee paid to a substantial shareholder was made on mutually agreed terms.

(d) Consultancy fee paid to three non-controlling interests individuals was made on mutually agreed terms.

(e) Asset management fee and service fee paid to and service income received from a non-controlling interest individual were made on mutually agreed terms.

(ii) Compensation of key management personnel of the Group

Further details of directors' and the chief executive's remuneration are included in note 13 to these consolidated financial statements.

53. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2020

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income	–	27,249	–	27,249
Finance lease receivables	–	–	35,037	35,037
Factoring receivables	–	–	3,204	3,204
Loan and interest receivables	–	–	33,989	33,989
Trade receivables	–	–	283,667	283,667
Financial assets included in prepayments, deposits and other receivables	–	–	67,722	67,722
Amount due from an associate	–	–	2,000	2,000
Amount due from a joint venture	–	–	2,346	2,346
Other financial assets	37,116	–	–	37,116
Pledged bank deposits	–	–	38,072	38,072
Cash held on behalf of clients	–	–	111,884	111,884
Cash and bank balances	–	–	359,201	359,201
	37,116	27,249	937,122	1,001,487

53. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2020 (continued)

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade and bills payables	**356,805**
Financial liabilities included in other payables and accruals	**3,406**
Bank and other borrowings	**158,098**
Promissory notes payable	**–**
Amounts due to associates	**103,161**
Amounts due to non-controlling interests	**1,460**
Lease liabilities	**20,980**
	643,910

31 December 2019

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income	–	32,564	–	32,564
Finance lease receivables	–	–	–	–
Factoring receivables	–	–	–	–
Loan and interest receivables	–	–	79,902	79,902
Trade receivables	–	–	97,746	97,746
Financial assets included in prepayments, deposits and other receivables	–	–	51,178	51,178
Amount due from an associate	–	–	23,125	23,125
Amount due from a joint venture	–	–	6,304	6,304
Other financial assets	–	–	–	–
Pledged bank deposits	–	–	16,906	16,906
Cash held on behalf of clients	–	–	–	–
Cash and bank balances	–	–	414,065	414,065
	–	32,564	689,226	721,790

53. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2019 (continued)

	Financial liabilities at amortised cost RMB'000
Financial liabilities	
Trade and bills payables	104,314
Financial liabilities included in other payables and accruals	10,435
Bank and other borrowings	96,986
Promissory notes payable	12,130
Amounts due to associates	5,600
Amounts due to non-controlling interests	895
Lease liabilities	22,524
	252,884

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include pledged bank deposits, cash and bank balances and financial assets at fair value through other comprehensive income. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as finance lease receivables, factoring receivables, loan and interest receivables, trade receivables, financial assets included in prepayments, deposits and other receivables, amount due from an associate, amount due from a joint venture, other financial assets, cash held on behalf of clients, trade and bills payables, financial liabilities included in other payables and accruals, bank and other borrowings, promissory notes payable, lease liabilities, and amounts due to associates and non-controlling interests, which arise directly from its operations.

The Group has not entered into derivative transactions, including principally foreign currency forward contracts throughout the current year under review.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces prudent strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits with floating interest rates and bank and other borrowings carried interest at floating interest rates. The Group regularly reviews and monitors the floating interest rate in order to manage its interest rate risks. The directors have reviewed the Group's interest-bearing financial instruments and determined that the Group has no significant interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2020 would decrease/increase by RMB1,385,000 (2019: decrease/increase by RMB1,949,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank deposits and bank and other borrowings (2019: bank deposits and bank and other borrowings).

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sale and purchase transactions and cash and bank balances denominated in currencies other than functional currencies of the group entities, mainly in United States dollars ("US$") and Hong Kong dollars ("HK$").

The following table demonstrates the sensitivity at the end of the reporting period to the reasonably possible change in the US$ and HK$ exchange rates, with all other variables held constant, of the Group's loss before tax.

	Decrease/(increase) in loss before tax	
	2020 RMB'000	2019 RMB'000
If RMB weakens against US$ by 5%	**11,859**	3,518
If RMB strengthens against US$ by 5%	**(11,859)**	(3,518)
If RMB weakens against HK$ by 5%	**4,573**	7,997
If RMB strengthens against HK$ by 5%	**(4,573)**	(7,997)

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

(i) Amounts due from an associate and a joint venture, and financial assets included in prepayments, deposits and other receivables

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(i) Amounts due from an associate and a joint venture, and financial assets included in prepayments, deposits and other receivables (continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 1 year past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are two years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2020, the internal credit rating of amounts due from an associate and a joint venture is "performing". The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method. Thus no loss allowance for amounts due from an associate and a joint venture was recognised.

In accordance with the Group's internal credit rating assessment, financial assets included in prepayments, deposits and other receivables are "performing" and 12 months expected losses method is applicable to these receivables. An allowance for other receivables was recognised for the year amounted to RMB13,800,000 (2019: Nil).

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(ii) Loan and interest receivables and factoring receivables

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 1 year past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are two years past due and there is no reasonable expectation of recovery or borrowers are bankruptcy	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

In accordance with the Group's internal credit rating assessment, most of the loan and interest receivables and factoring receivables are "performing" and 12 months expected losses method is applicable to these receivables. A reversal of allowance for loan and interests receivables was recognised for the year amounted to RMB2,592,000 (2019: An allowance for loan and interests receivables was recognised amounted to RMB4,644,000). No loss allowance for factoring receivables was recognised.

The Group has significant concentration of credit risk in relation to loan and interest receivables as approximately 30% (2019: 58%) and 82% (2019: 90%) of such receivables are due from one borrower and the top five borrowers respectively. The Group has significant concentration of credit risk in relation to factoring receivables as approximately 19% (2019: Nil) and 59% (2019: Nil) of such receivables are due from one borrower and the top five borrowers respectively.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(iii) Trade receivables, finance lease receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses for trade receivables, finance lease receivables and contract assets prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for these receivables.

The loss allowance for trade receivables, finance lease receivables and contract assets as at 31 December 2020 were determined as follows:

	Not past due	0-31 days past due	More than 30 days past due	Total
31 December 2020				
Expected loss rate	**0%-20%**	**0%-20%**	**0%-100%**	
Gross carrying amount (RMB'000)	**259,224**	**80,986**	**9,815**	**350,025**
Loss allowance (RMB'000)	**13,489**	**11,020**	**5,185**	**29,694**

The above expected credit losses also incorporated forward looking information.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. As at 31 December 2020, the Group had a concentration of credit risk given that the top customer and top 5 customers account for 27% and 61% (2019: 19% and 58%) respectively of the Group's total year end trade receivables balance and the Group has no significant concentration of credit risk arising from finance lease receivables and contract assets (2019: Nil). However, the Group concludes that the credit risk in relation to these customers is not significant because there was no history of default of the customers in recent years. The Group's historical experience in collection of receivables falls within recorded allowance and the directors do not expect any major impairment on trade receivables, and receivables from other counterparties.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(iv) Cash at bank and bank deposits

The table below shows the details of bank deposit balances maintained at the end of the reporting period:

	Rating	**2020** **RMB'000**	2019 RMB'000
Cash at banks and bank deposits	Baa2-Aa1	**359,197**	414,042
Cash held on behalf of clients	A2-Aa2	**111,884**	–

The rating represents long-term credit rating provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Given that significant portion of the bank deposits are placed with banks that are independently rated with high credit rating with no default history in past years, management of the Group considers that the credit risk on the bank balances and bank deposits is limited.

Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and cash equivalents and available banking facilities. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

To manage liquidity risk, the Group regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and financial institutions to meet its liquidity requirements in the short and longer term. The directors are of the opinion that the Group will be able to finance its future working capital and financial requirements.

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities and derivative financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

At 31 December 2020	**Within 1 year RMB'000**	**More than 1 Year but less than 5 years RMB'000**	**More than 5 years RMB'000**	**Total undiscounted cash flows RMB'000**	**Carrying amount RMB'000**
Non-derivative financial liabilities					
Trade and bills payables	**356,805**	**–**	**–**	**356,805**	**356,805**
Financial liabilities included in other payables and accruals	**3,406**	**–**	**–**	**3,406**	**3,406**
Promissory notes payable	**–**	**–**	**–**	**–**	**–**
Bank and other borrowings	**159,763**	**–**	**–**	**159,763**	**158,098**
Amounts due to associates	**103,161**	**–**	**–**	**103,161**	**103,161**
Amounts due to non-controlling interests	**1,460**	**–**	**–**	**1,460**	**1,460**
Lease liabilities	**5,787**	**8,598**	**–**	**14,385**	**20,980**
	630,382	**8,598**	**–**	**638,980**	**643,910**

At 31 December 2019	Within 1 year RMB'000	More than 1 Year but less than 5 years RMB'000	More than 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Non-derivative financial liabilities					
Trade and bill payables	104,314	–	–	104,314	104,314
Financial liabilities included in other payables and accruals	10,435	–	–	10,435	10,435
Promissory notes payable	12,130	–	–	12,130	12,130
Bank and other borrowings	99,374	–	–	99,374	96,986
Amounts due to associates	5,600	–	–	5,600	5,600
Amounts due to non-controlling interests	895	–	–	895	895
Lease liabilities	7,238	21,842	–	29,080	22,524
	239,986	21,842	–	261,828	252,884

54. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The Group's policy is to keep the current ratio above 1.

55. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

The Group's equity securities listed in Hong Kong and unlisted investment fund included in financial assets at FVTOCI and listed bonds and other unlisted products included in other financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2020 RMB'000	31 December 2019 RMB'000		
Financial assets at FVTOCI				
Equity securities listed in Hong Kong	**6,796**	7,353	Level 1	Quoted bid prices in an active market
Unlisted investment fund	**20,453**	25,211	Level 2	Quoted bid prices of listed securities held by the fund
Other financial assets at FVTPL				
Listed bonds	**3,491**	–	Level 1	Quoted bid prices in an active market
Other unlisted products	**33,625**	–	Level 2	Latest transaction price

55. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis. (continued)

The fair value of all the equity securities listed in Hong Kong and New York at 31 December 2020 is measured based on the quoted bid price as at 31 December 2020, being the last trading date of the securities for the year ended 31 December 2020.

The fair value of unlisted investment fund at 31 December 2020 is measured based on the valuation performed by fund managers by reference to quoted bid prices of the listed securities held by the fund.

The fair value of listed bonds at 31 December 2020 is measured based on the quoted bid price as at 31 December 2020, being the last trading date of the bonds for the year ended 31 December 2020.

The fair value of other unlisted products is measured based on the latest transaction price.

There were no transfers between Level 1 and 2 in the period.

(b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required.

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values. The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flows analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

(c) Reconciliation of Level 3 fair value measurements

The Group's financial assets and financial liabilities carried at fair value are measured at fair value on Level 1 and Level 2 fair value measurement. Reconciliation of Level 3 fair value measurement is not presented.

56. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 **RMB'000**	2019 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**126,891**	126,754
Right-of-use assets	**–**	650
Financial assets at fair value through other comprehensive income	**20,453**	25,211
	147,344	152,615
CURRENT ASSETS		
Prepayments, deposits and other receivables	**194**	1,694
Amounts due from subsidiaries	**561,217**	470,091
Cash and bank balances	**63,952**	180,956
	625,363	652,741
CURRENT LIABILITIES		
Other payables and accruals	**3,578**	5,878
Promissory notes payable	**–**	12,130
Amounts due to subsidiaries	**461,209**	444,388
Lease liabilities	**–**	657
	464,787	463,053
NET CURRENT ASSETS	**160,576**	189,688
TOTAL ASSETS LESS CURRENT LIABILITIES	**307,920**	342,303
	307,920	342,303
EQUITY		
Share capital	**15,348**	15,348
Reserves *(note)*	**292,572**	326,955
	307,920	342,303

The Company's statement of financial position was approved and authorised for issue by the board of directors on 29 March 2021 and is signed on its behalf by:

Tsai Wallen	**Lau Ka Ho**
Director	*Director*

56. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Capital reserve RMB'000	FVTOCI revaluation reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2019	519,572	38,070	(4,613)	(28,566)	16	(198,523)	325,956
Loss for the year	–	–	–	–	–	(11,085)	(11,085)
Other comprehensive income for the year							
Loss on change in fair value of financial assets at FVTOCI	–	–	–	(40,679)	–	–	(40,679)
Total comprehensive expense for the year	–	–	–	(40,679)	–	(11,085)	(51,764)
Placing of new shares	23,883	–	–	–	–	–	23,883
Share issue expenses	(24)	–	–	–	–	–	(24)
Issue of shares for acquisition of subsidiaries	28,904	–	–	–	–	–	28,904
Transferred to accumulated losses upon forfeiture of share options	–	(2,579)	–	–	–	2,579	–
Transfer to accumulated losses on disposal at financial assets of FVTOCI	–	–	–	(4,029)	–	4,029	–
At 31 December 2019 and 1 January 2020	**572,335**	**35,491**	**(4,613)**	**(73,274)**	**16**	**(203,000)**	**326,955**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(30,921)**	**(30,921)**
Other comprehensive income for the year							
Loss on change in fair value of financial assets at FVTOCI	**–**	**–**	**–**	**(3,462)**	**–**	**–**	**(3,462)**
Total comprehensive expense for the year	**–**	**–**	**–**	**(3,462)**	**–**	**(30,921)**	**(34,383)**
Transferred to accumulated losses upon forfeiture of share options	**–**	**(601)**	**–**	**–**	**–**	**601**	**–**
At 31 December 2020	**572,335**	**34,890**	**(4,613)**	**(76,736)**	**16**	**(233,320)**	**292,572**

The capital reserve represents the excess of the nominal value of the Company's shares issued in exchange therefor over the then net asset value of the subsidiaries acquired.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay off its debts as and when they fall due in the ordinary course of business.

57. SUBSIDIARIES

(a) General information of subsidiaries

The following table lists principal subsidiaries of the Company as at December 31, 2020 and 2019 which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Particulars of the Group's principal subsidiaries are as follows:

Name	Principal activities	Place of incorporation/ establishment and operations	Issued ordinary share capital/ paid-up registered capital	Proportion of ownership interest and voting power held by the Group			
				Directly		Indirectly	
				2020	2019	**2020**	2019
福建省青蛙王子化妝品有限公司	Investment holdings	PRC	Nil (2019: Nil)	**100%**	100%	**–**	–
青蛙王子(福建)嬰童護理用品有限公司[2]	Manufacture and sale of personal care products	PRC	RMB50,000,000 (2019: RMB50,000,000)	**–**	–	**100%**	100%
天一融資租賃(深圳)有限公司	Finance lease	PRC	Nil (2019: Nil)	**–**	–	**75%**	75%
紐倫港投資諮詢(深圳)有限公司[1]	Dormant	PRC	RMB100,000 (2019: RMB100,000)	**–**	–	**100%**	100%
Chance Billion Limited	Investment holdings	BVI	US$1 (2019: US$1)	**100%**	100%	**–**	–
Queen's Finance Limited	Money lending	Hong Kong	HK$2 (2019: HK$2)	**–**	–	**100%**	100%
Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo (BVI)")	Investment in holdings	BVI	HK$42,000,000 (2019: HK$42,000,000)	**60%**	–	**–**	–
Ayasa Globo Financial Services Limited	Provision of professional service	Hong Kong	HK$1 (2019: HK$1)	**–**	–	**60%**	–

57. SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Name	Principal activities	Place of incorporation/ establishment and operations	Issued ordinary share capital/ paid-up registered capital	Proportion of ownership interest and voting power held by the Group Directly		Indirectly	
				2020	2019	**2020**	2019
Future Growth Financial Services Limited ("FGFS")	Dealing in securities and dealing in futures contracts	Hong Kong	HK$57,000,000 (2019: HK$57,000,000)	**–**	–	**100%**	10%
Future Growth Assets Management Limited ("FGAM")	Advising on securities and asset management	Hong Kong	HK$298,000 (2019: HK$298,000)	**–**	–	**100%**	10%
Advance Global Food Limited ("Advance Global")	Sale of frozen food and beverage products and provision of related services	Hong Kong	HK$20,000,000 (2019: HK$20,000,000)	**–**	–	**100%**	100%
Golden Yarn Limited	Provision for data analysis services	HK	HK$10,000 (2019: HK$10,000)	**–**	–	**100%**	100%
China Cold Chain Company Limited	Provision of frozen warehouse services	Hong Kong	HK$100 (2019: HK$100)	**–**	–	**70%**	70%
Jumbo Excel Investment Corporation[5] ("Jumbo Excel")	Investment holdings	BVI	US$2 (2019: US$2)	**–**	–	**50%**	50%
Grand Ray Investment Limited ("Grand Ray")	Properties redevelopment	Hong Kong	HK$1 (2019: HK$1)	**–**	–	**50%**	50%
Regent Way Limited ("Regent Way")	Properties redevelopment	Hong Kong	HK$1 (2019: HK$1)	**–**	–	**50%**	50%

57. SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Name	Principal activities	Place of incorporation/ establishment and operations	Issued ordinary share capital/ paid-up registered capital	Proportion of ownership interest and voting power held by the Group Directly		Indirectly	
				2020	2019	**2020**	2019
Speedy Maker Limited ("Speedy Maker")	Properties redevelopment	Hong Kong	HK$1 (2019: HK$1)	**–**	–	**50%**	50%
Earn Rich Properties Limited	Investment holdings	Hong Kong	HK$1 (2019: HK$1)	**–**	–	**100%**	100%
Nice Source Properties Limited	Properties holdings	Hong Kong	HK$10,000 (2019: HK$10,000)	**–**	–	**100%**	100%

Notes:

1. Wholly-foreign-owned enterprises established under the law of the PRC

2. A limited liability company established under the law of the PRC

3. The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

4. None of the subsidiaries had issued any debt securities at the end of the year.

5. The Group holds 50% of the issued share capital of Jumbo Excel with the remaining 50% of its issued share capital held by a third party unrelated to the Group and Grand Ray, Regent Way and Speedy Maker are wholly-owned subsidiaries of Jumbo Excel. Pursuant to the acquisition agreement, the Group is granted the right for the exercise of control over the composition of the board of directors of Jumbo Excel. Accordingly, the directors of the Company consider that the Group has control over Jumbo Excel, which is classified as a subsidiary of the Group.

Major changes in the subsidiaries of the Group during the years ended 31 December 2020 and 2019 are summarised as follows:

(i) During the year ended 31 December 2020, the Group acquired 60% issued share capital of Ayasa Globo BVI together with its subsidiaries, details of which are set out in note 46(a)(i).

57. SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Notes: (continued)

(ii) On 14 October 2020, the acquisition of 90% equity interest in FGFS was completed and FGFS became a subsidiary of the Group. During the prior year ended 31 December 2019, FGFS was a 10% equity-owned associate of the Group. Details of which are set out in note 46(a)(ii).

(iii) On 14 October 2020, the acquisition of 90% equity interest in FGAM was completed and FGAM became a subsidiary of the Group. During the year ended 31 December 2019, FGAM was a 10% equity-owned associate of the Group. Details of which are set out in note 46(a)(iii).

(iv) During the prior year ended 31 December 2019, the Group disposed of 100% equity interest in Golden Virtue to a third party, details of which are set out in note 47(b)(i).

(v) During the prior year ended 31 December 2019, the Group disposed of 51% equity interest in Marvel to a third party, details of which are set out in note 47(b)(ii).

(vi) During the prior year ended 31 December 2019, the Company acquired 100% equity interest in Real Power International Group Limited ("Real Power") together with its subsidiaries, details of which are set out in note 46(b)(i). The Group holds 100% of the issued share capital of Advance Global.

(b) Summarised financial information on subsidiaries with material non-controlling interests

The table below shows details of subsidiaries with material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019
		RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Marvel and its subsidiary	Note (a) below	**–**	Note (d) below	**–**	(9,600)	**–**	Note (d) below
Ayasa Globo (BVI) and its subsidiaries	Note (b) below	**40%**	–	**2,839**	–	**3,369**	–
Jumbo Excel and its subsidiaries	Note (c) below	**50%**	50%	**(5,598)**	(13,266)	**40,517**	48,668
China Cold Chain	Note (e) below	**30%**	30%	**(1,247)**	(26)	**(1,032)**	151

57. SUBSIDIARIES (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Notes:

(a) Marvel was incorporated in the British Virgin Islands. The subsidiary of Marvel was incorporated in and is operating in Hong Kong. Marvel and its subsidiaries are principally engaged in operation of online platform.

(b) Ayasa Globo (BVI) was incorporated in the British Virgin Islands. The subsidiaries of Ayasa Globo BVI were incorporated and are operating in Hong Kong and Singapore. Ayasa Globo (BVI) and its subsidiaries are principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services.

(c) Jumbo Excel was incorporated in the British Virgin Islands. The subsidiaries of Jumbo Excel were incorporated in and are operating in Hong Kong. Jumbo Excel and its subsidiaries are principally engaged in properties holding.

(d) On 23 August 2019, the Company, entered into an agreement with an independent third party to dispose of 51% equity interest in a subsidiary, Marvel, for an aggregate cash consideration of HK$40,000,000. Marvel is an investment holding company and, through its subsidiary, MyBB Media Company Limited, was principally engaged in operations of online platform. The disposal was completed on 8 October 2019.

(e) China Cold Chain was incorporated in Hong Kong and is principally engaged in provision of frozen warehouse services business.

Set out below are the summarised consolidated financial information for subsidiaries of the Group that have material non-controlling interests.

Summarised consolidated statement of financial position

	Marvel and its subsidiary		Jumbo Excel and its subsidiaries		China Cold Chain Company Limited		Ayasa Globo Financial Services (BVI) and its subsidiaries	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Non-current assets	**–**	–	**82,138**	99,234	**25,975**	33,145	1,751	–
Current assets	**–**	–	**8**	–	**3,330**	1,834	81,105	–
Current liabilities	**–**	–	**(1,112)**	(1,898)	**(20,324)**	(17,141)	(74,167)	–
Non-current liabilities	**–**	–	**–**	–	**(12,421)**	(17,335)	(266)	–
Net assets/(liabilities)	**–**	–	**81,034**	97,336	**(3,440)**	503	8,423	–
Proportion of non-controlling interests' ownership	**–**	–	**40,517**	48,668	**(1,032)**	151	3,369	–

57. SUBSIDIARIES (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised consolidated statement of profit or loss and other comprehensive income

	Marvel and its subsidiary		Jumbo Excel and its subsidiaries		China Cold Chain Company Limited		Ayasa Globo Financial Services (BVI) and its subsidiaries	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Revenue and other income	**–**	6,642	**–**	–	**18,230**	5,865	**27,988**	–
Expenses	**–**	(26,233)	**(11,196)**	(26,532)	**(22,385)**	(5,952)	**(20,890)**	–
(Loss)/profit for the year	**–**	(19,591)	**(11,196)**	(26,532)	**(4,155)**	(87)	**7,098**	–
(Loss)/profit for the year allocated to non-controlling interest	**–**	(9,600)	**(5,598)**	(13,266)	**(1,247)**	(26)	**2,839**	–
Total comprehensive (expense)/income	**–**	(19,228)	**(11,196)**	(24,720)	**(4,155)**	(95)	**7,098**	–
Total comprehensive (expense)/income allocated to non-controlling interests	**–**	(9,422)	**(5,598)**	(12,360)	**(1,247)**	(28)	**2,839**	–

Summarised consolidated statement of cash flows

	Marvel and its subsidiary		Jumbo Excel and its subsidiaries		China Cold Chain Company Limited		Ayasa Globo BVI and its subsidiaries	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Net cash (outflow)/inflow from operating activities	**–**	(2)	**–**	–	**(909)**	11,711	**65,281**	–
Net cash outflow from investing activities	**–**	–	**–**	–	**(431)**	(11,122)	**(79)**	–
Net cash outflow from financing activities	**–**	–	**–**	–	**1,985**	(346)	**(6,443)**	–
Net cash (outflow)/inflow	**–**	(2)	**–**	–	**645**	243	**58,759**	–

58. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The following events took place subsequent to the end of the reporting period:

(a) On 22 January 2021, share options to subscribe for 159,000,000 new ordinary shares of HK$0.01 each of the Company were granted by the Company to certain directors, employees and consultants of the Group, subject to acceptance of the grantees, under the share option scheme adopted by the Company on 22 June 2011. Each of the share options shall entitle the holder of the share option to subscribe for one new ordinary share of the Company at an exercise price of HK$0.084 per share during the exercisable period from 22 January 2021 to 21 January 2031. Details of the share options granted by the Company are set out in the Company's announcement dated 22 January 2021.

(b) On 23 February 2021, the Company and certain consultants have mutually agreed to settle the relevant fees under the consultancy agreements by way of cash in place of 39,000,000 share options granted by the Company to the consultants. Pursuant to the terms of the share option scheme, the consultants have made written request to the Company for the cancellation of relevant share options, accordingly, the Company has given a written notice to the consultants, under which relevant share options were cancelled with effect from 24 February 2021. Details of the cancellation of the share options are set out in the Company's announcement dated 23 February 2021.

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 December				
	2020 **RMB'000**	2019 RMB'000	2018 RMB'000 (restated)	2017 RMB'000 (restated)	2016 RMB'000 (restated)
Revenue from continuing operations	**1,175,005**	830,166	619,700	774,510	994,748
Loss before income tax from continuing operations	**(33,452)**	(88,510)	(445,522)	(143,699)	(90,587)
Income tax credit/(expense) from continuing operations	**(4,463)**	1,863	18	(4,029)	(2,717)
Loss for the year from continuing operators	**(37,915)**	(86,647)	(445,504)	(147,728)	(93,304)
Attributable to:					
Equity holders of the Company (including discontinued operations)	**(33,909)**	(48,398)	(431,435)	(170,744)	(111,189)
Non-controlling interests (including discontinued operations)	**(4,006)**	(22,893)	(7,525)	7,461	1,713
	(37,915)	(71,291)	(438,960)	(163,283)	(109,476)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2020 **RMB'000**	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Total assets	**1,429,863**	1,096,356	1,275,296	1,731,628	1,687,036
Total liabilities	**(706,603)**	(307,015)	(428,070)	(416,047)	(336,858)
Non-controlling interests	**(42,854)**	(48,819)	(73,252)	(85,711)	(25,190)
	680,406	740,522	773,974	1,229,870	1,324,988

On 23 August 2019, the Group announced that disposal of its business of operation of online platform. The operation of online platform is classified as discontinued operations.

The summary above does not form part of the audited financial statements.

INVESTMENT PROPERTIES

Location	Existing use	Type of lease
Workshop C6 on G/F of Block C, Hong Kong Industrial Centre, Nos. 489-491 Castle Peak Road, Kowloon	Industrial	Medium term
Industrial Complex (partial) No. 8 North Wuqiao Road, Lantian Economic Development Zone, Zhangzhou City, Fujian Province The People's Republic of China	Industrial	Medium term

PROPERTIES FOR DEVELOPMENT

Location	Gross Floor Area (square meter)	Stage of Completion	Lease Expiry	Group's Interest	Anticipated completion
Section A of Lot 2044 in Demarcation District 104, Yuen Long, New Territories	162.70	Pending Stage	2047	50%	N/A
Section B of Lot 2044 in Demarcation District 104, Yuen Long, New Territories	164.50	Pending Stage	2047	50%	N/A
Section A of Lot 2051 in Demarcation District 104, Yuen Long, New Territories	132.90	Pending Stage	2047	50%	N/A
Section A of Lot 2052 in Demarcation District 104, Yuen Long, New Territories	77.70	Pending Stage	2047	50%	N/A
Section A of Lot 2059 in Demarcation District 104, Yuen Long, New Territories	135.30	Pending Stage	2047	50%	N/A
Section B of Lot 2059 in Demarcation District 104, Yuen Long, New Territories	112.80	Pending Stage	2047	50%	N/A

PROPERTIES FOR DEVELOPMENT (continued)

Location	Gross Floor Area (square meter)	Stage of Completion	Lease Expiry	Group's Interest	Anticipated completion
Section C of Lot 2059 in Demarcation District 104, Yuen Long, New Territories	99.70	Pending Stage	2047	50%	N/A
Section D of Lot 2059 in Demarcation District 104, Yuen Long, New Territories	96.90	Pending Stage	2047	50%	N/A
Section A of Lot 2061 in Demarcation District 104, Yuen Long, New Territories	131.10	Pending Stage	2047	50%	N/A
Section B of Lot 2061 in Demarcation District 104, Yuen Long, New Territories	122.80	Pending Stage	2047	50%	N/A