PING AN SECURITIES GROUP (HOLDINGS) LIMITED
平 安 證 券 集 團 (控 股) 有 限 公 司

(Carrying on business in Hong Kong as PAN Securities Group Limited)
(Incorporated in Bermuda with limited liability)
(Provisional Liquidators Appointed)
(For Restructuring Purposes)
(Stock Code: 00231)

2020
Annual Report

This report, in both English and Chinese versions, is available on the Company's website at http://www.pingansecgp.com (the "Company Website").

Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to this report posted on the Company Website will promptly upon request be sent this report in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt (either in printed form or via the Company Website) and/or language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to receive this report in printed form, and/or to change their choice of the means of receipt and/or language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Share Registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by sending an email to the Hong Kong Share Registrar of the Company at is-ecom@hk.tricorglobal.com.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Director:

Mr. Cheung Kam Fai *(Chief Executive Officer)*

Non-executive Directors:

Mr. Cheung Ming Ming
Mr. Tsui Cheung On

Independent Non-executive Directors:

Mr. Suen To Wai
Mr. Wong Yee Shuen, Wilson
Mr. Yau Wai Lung

AUDIT COMMITTEE

Mr. Wong Yee Shuen, Wilson *(Chairman)*
Mr. Suen To Wai
Mr. Yau Wai Lung

REMUNERATION COMMITTEE

Mr. Suen To Wai *(Chairman)*
Mr. Wong Yee Shuen, Wilson
Mr. Yau Wai Lung
Mr. Cheung Kam Fai

NOMINATION COMMITTEE

Mr. Yau Wai Lung *(Chairman)*
Mr. Suen To Wai
Mr. Wong Yee Shuen, Wilson
Mr. Cheung Kam Fai

AUTHORISED REPRESENTATIVES

Mr. Cheung Kam Fai
Mr. Chan Kwan Pak

COMPANY SECRETARY

Mr. Chan Kwan Pak

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Mr. Osman Mohammed Arab
Mr. Lai Wing Lun
(RSM Corporate Advisory (Hong Kong Limited))
Mr. Edward Alexander Niles Whittaker
(R&H Services Limited)

AUDITORS

CHENG & CHENG LIMITED
Level 35, Tower 1, Enterprise Square Five,
38 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co. Ltd.
(Hong Kong Branch)
Bank of China

PRINCIPAL REGISTRARS AND TRANSFER OFFICES

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 510, 5/F,
China Insurance Group Building
141 Des Voeux Central
Hong Kong

WEBSITE

www.pingansecgp.com

STOCK CODE

00231

On behalf of the board (the "Board") of directors (the "Directors") of Ping An Securities Group (Holdings) Limited (carrying on business in Hong Kong as PAN Securities Group Limited) (the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2020 ("FY2020").

RESULTS

For the year ended 31 December 2020 ("FY2020"), the Group recorded a turnover of HK$1,614,000 while the turnover for the year ended 31 December 2019 ("FY2019") was HK$40,496,000. The Group's audited consolidated loss for FY2020 was HK$703,253,000, representing a decrease of approximately 27% when compared with the loss of HK$969,951,000 for FY2019.

BUSINESS REVIEW

For the year under review, the Company's principal activity continued to be investment holding, whilst its subsidiaries were mainly engaged in the business of provision of securities brokerage, securities underwriting and placements and financial advisory services, insurance brokerage service and property development.

For FY2020, the Group recorded a turnover of HK$1,614,000 (FY2019: HK$40,496,000), representing a decrease of approximately 96% when compared with FY2019. Same as FY2019, the Group's investment properties are still under development, no turnover was generated from this sector.

Due to the unfavourable financial status of the Group, the licensed activities of Ping An Securities Limited ("PASL"), our principal subsidiary for provision of financial services, was restricted since November 2019. As a result of the above matter, the turnover for financial services decreased by HK$11,639,000 or approximately 97% in FY2020 as compared to FY2019.

Moreover, as all loan receivables were fully impaired in 2019, no interest income arising from these loans was recognised as turnover of loan financing sector in FY2020 (FY2019: HK$24,456,000).

The Group's audited consolidated loss for FY2020 amounted to HK$703,253,000, representing a decrease of approximately 27% when compared with the loss of HK$969,951,000 for FY2019. The change in loss was mainly attributable to (i) the measures to tighten cost controls over various operating costs and the downsiding of the operating scale in FY2020 resulting in the decrease of administrative expenses of approximately HK$99,217,000; (ii) the substantial decrease in agency fee and value added tax recognized as distribution costs in connection with much lesser pre-leasing of investment properties under development in Foshan, Guangdong Province in the year under review resulting in the decrease of distribution costs of approximately HK$56,276,000; (iii) as compared to FY2019, the loss from change in fair value of investment properties under development decreased by HK$150,993,000 in the year under review; (iv) intangible assets with carrying value of HK$269,666,000 were fully impaired in FY2020; (v) there was no expected credit losses on financial assets recognised in FY2020 (FY2019: HK$302,465,000); and (vi) due to the default in payment of both interests and principals of the borrowings in the year under review, finance costs arising in FY2020 increased to HK$136,307,000 (FY2019: HK$98,112,000).

The performance of the property sector of the Group was less than satisfactory and there were much lesser pre-leasing activities during the year. No rental income from pre-leasing was recognized. The property sector had recorded a loss of approximately HK$282,008,000.

Chief Executive Officer's Statement

As our principal subsidiary for provision of financial services cannot operate at a normal scale, it recorded a loss of HK$295,884,000 (comprising impairment losses on intangible assets of HK$269,666,000) in FY2020.

OUTLOOK AND PROSPECTS

The Group has experienced a very difficult year in 2020. In wake of our stillborn fundraising by way of a rights issue at the end of 2019, the Group has been in stringent financial position. Fund shortage has resulted in halt of construction works of our Foshan property project, incurred penalty for late handover of property to the lessees, and hindered the leasing out of further units of more phases of the project. The unfavourable financial situation of the Group has also hindered the resumption of normal operations of Ping An Securities Limited ("PASL"), a principal wholly-owned subsidiary of the Company, although the financial situation of PASL is intact in its own right. Hence, there was no income from the property sector and financial services sector during the year.

Our insurance sector, the only income generator for the Group during the year, recorded a turnover of HK$1,271,000 for the year. While we believe the insurance business is promising, our insurance sector is still in its infant stage and has to take time before it can make more contribution to the Group.

In order to overcome the plagued situation, the Company is actively looking for debt and/or equity fundraising opportunities so as to strengthen its capital base and improve its financial position. During the year, the Company entered into a non-legally binding memorandum of understanding with a potential fund provider for the Foshan project, who can help complete the construction of the project on a profit sharing basis. Furthermore, the Company does not rule out the possibility of disposing of the Foshan project where appropriate, so as to focus the resources of the Group on our financial services business.

To facilitate the Company's financial restructuring efforts, on 23 September 2020 (Bermuda Time), the Company filed in the Supreme Court of Bermuda a petition for the winding up of the Company, together with an application for the appointment to the Company of joint and several provisional liquidators (the "JPLs") on a "light-touch" basis for restructuring purposes ("JPL Application").

Upon the hearing at the Supreme Court of Bermuda (the "Bermuda Court") on 2 October 2020 at 10:00 a.m. (Bermuda time) of the JPL Application, an order (the "Order") was made that Mr. Osman Mohammed Arab and Mr. Lai Wing Lun, both of RSM Corporate Advisory (Hong Kong) Limited in Hong Kong, and Mr. Edward Alexander Niles Whittaker of R&H Services Limited in Bermuda be appointed as the JPLs on a light touch basis for restructuring purposes.

On 19 November 2020 the Company entered into a non-legally binding memorandum of understanding (the "MOU") with Mr. Cheung Kam Fai ("Mr. Cheung"), an executive Director and chief executive officer of the Group, pursuant to which Mr. Cheung has agreed to subscribe and the Company has agreed to allot and issue certain number of ordinary shares (the "Subscription Shares") in the Company (the "Possible Subscription"). It is expected that the Subscription Shares shall represent more than 30% of the enlarged issued share capital of the Company on the date of completion. The Possible Subscription, if materialised, may lead to a mandatory general offer required to be made by Mr. Cheung under Rule 26.1 of the Takeovers Code. Upon completion of the Possible Subscription, Mr. Cheung shall make available to the Company the loan facility up to a principal amount of HK$200,000,000 for the purpose of financing the general working capital of the Group (the "Proposed Debt Restructuring"). Details of the MOU are set out in the Company's announcement dated 20 November 2020.

A possible problem which might affect the Proposed Debt Restructuring is the Company's listing status. On 5 October 2020, the Company received a letter from the Stock Exchange notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations as required under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares and that, subject to the right of review of the Company, trading of the shares in the Company will be suspended under Rule 6.01(3) of the Listing Rules (the "Decision").

On 19 October 2020, pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules, the Company requested the Decision to be referred to the Listing Committee (as defined in the Listing Rules) for a review by the Listing Committee (the "Review"). The review hearing (the "Review Hearing") of the Decision by the Listing Committee took place on 12 January 2021. On 26 January 2021, the Company received a letter from the Listing Committee that they had decided to uphold the Decision (the "Listing Committee Decision"). On 3 February 2021, the Company filed an application for a review by the Listing Review Committee (as defined in the Listing Rules) in relation to the Listing Committee Decision. Further procedures have to be gone through and the outcome will be uncertain.

In light of the concerns of the Stock Exchange on the Company's compliance with Rule 13.24 of the Listing Rules, the Stock Exchange will not grant the listing approval for the issuance of new securities by the Company unless their concerns in relation to the Company's compliance with Rule 13.24 of the Listing Rules have been satisfactorily addressed.

All in all, the future of the Company depends very much on the success of a debt restructuring plan. The Company is making its best effort to tackle the problems in a bid to put the Company back in shape again.

APPRECIATION

The Directors would like to express our sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as our shareholders, business partners, bankers and auditors for their support to the Group throughout the year.

Cheung Kam Fai
Executive Director & CEO
Hong Kong, 31 March 2021

Management Discussion and Analysis

FINANCIAL REVIEW

As mentioned in business review section, the Group recorded a turnover of HK$1,614,000 (FY2019: HK$40,496,000) comprising commission and brokerage income and underwriting income and insurance brokerage income.

As mentioned in business review section, the substantial decrease in distribution costs from HK$57,077,000 to HK$801,000 in FY2020 was mainly attributable to the recognition of agency fee and value added tax for much lesser pre-leasing of investment properties under development launched by a PRC subsidiary.

The measures to tighten cost controls over various operating costs and the downsiding of the operating scale in FY2020 resulting in the decrease of administrative expenses to HK$109,596,000 in the year under review (FY2019: HK$208,813,000).

The loss from change in fair value of investment properties under development located in Foshan City decreased to HK$235,137,000 and recorded a decrease of approximately 39% as compared to the loss of FY2019 amounting to HK$386,130,000.

Finance cost increased by 39% to HK$136,307,000 in FY2020 (FY2019: HK$98,112,000) and the main reasons attributable to the change were as follows:

i) Due to the events of default occurred in FY2019, imputed interests on convertible notes amounting to approximately HK$24,000,000 were fully recognized in FY2019 and no imputed interest was recognized in FY2020; and

ii) Due to the events of default in payment of both interest and principal of senior notes issued to Super Harvest Global Fund SPC in November 2019, interest expenses arising thereof amounting to HK$84,415,000 were recognized in FY2020 (FY2019: HK$11,019,000)

As the operation of licensed activities of a subsidiary of the Group was restricted since November 2019 and is not resumed up to now, the management is unable to estimate the release time and thus provided full impairment of intangible assets amounting to HK$269,666,000 for the year ended 31 December 2020.

During FY2020, no expected credit losses on financial assets was recognized (FY2019: HK$302,465,000).

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS AND GEARING, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2020, the Group's current assets and current liabilities were HK$50,425,000 and HK$1,571,788,000 respectively.

As at 31 December 2020, bank deposits and investment properties of the Group amounting to HK$3,964,000 and HK$62,858,000 respectively were charged.

The Group's gearing ratio as at 31 December 2020 was 257%, which is calculated on the Group's total liabilities divided by its total assets.

As at 31 December 2020, capital commitments contracted but not provided for were approximately HK$233,440,000.

As at 31 December 2020, details of contingent liabilities are set out in note 39.

FOREIGN EXCHANGE RISK

The Group's operations are principally in the PRC and Hong Kong and all assets and liabilities were denominated either in Renminbi or Hong Kong dollars. The Directors consider that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total of approximately 34 employees (2019: approximately 107), who were remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training was provided to its staff from time to time.

THE BOARD'S VIEW ON THE AUDIT QUALIFICATIONS

The auditor has expressed several audit qualifications, which are stated in the "Independent Auditor's Report" (pages 38 to 47 of this Annual Report). The Board would like to address the qualifications as follows:

(i) Multiple uncertainties related to going concern basis

(a) This qualification referred to the ability to operate our Group as a going concern, and if the going concern basis could not be applicable, the financial statements had to be prepared under break-up basis.

The Board would like to maintain that the going concern basis is still applicable. However, if the going concern basis cannot be adopted, the assets of the Group have to be adjusted to the amounts that they can be realized, to provide for any further liabilities which may arise and to reclassify the non-current assets and liabilities to current assets and liabilities.

(b) In preparing the financial statements for FY2020, the management considered the Group could be operated as a going concern on the following grounds:

- the Group has been actively negotiating with the lenders to extend the repayment dates of the overdue borrowings so as to avoid actions by the lenders to demand immediate repayment of borrowings for any breach of loan covenants or default;
- the Group is working on debt restructuring;
- the Group has preliminary discussion with some major creditors and the response is positive;

- the Group is taking measures to tighten controls over various operating costs and expenses with the aim to attain profitable operations with positive cash flow; and

- the Group has been actively negotiating with and maintain a good business relationship with suppliers of the Group, in particular those in relation to the Group's property development project.

Our major judgement area was the likelihood of success of the above actions and any other additional actions that we might take to extend the repayments and the outcome of the proposed debt restructuring. The management trusted that we stood a reasonable chance of success for the above actions but understandably the auditor considered the outcome of the aforesaid actions were not guaranteed.

(c) The auditor has requested for a concrete plan on the debt restructuring, and evidence showing positive outcome after our negotiations with the lenders for the renewal of or extension for repayments of outstanding borrowings, including the overdue principal and interest so as to avoid actions the lenders demanding immediate repayment of the borrowings triggered by any breach of loan covenants or default. The Group has appointed an independent professional party to work on the debt restructuring. As at the reporting date, the debt restructuring was still in progress, so as the negotiations with different lenders. The auditor could not obtain sufficient appropriate audit evidence (i.e. likelihood of success of the aforesaid actions) on the assumption made on a going concern basis. In view of the status that most of the aforesaid actions were still in progress, the Company was unable to satisfy the request from the auditor.

(d) In order to address the above issue resulted in disclaimer of opinion on the Company's financial statements for FY2019, the Group (i) has been negotiating with the lenders to extend the repayment dates of overdue borrowings; (ii) has been taking measures to tighten controls over various operating costs and expenses; (iii) has been actively negotiating with the lenders so as to avoid actions by the lenders demanding immediate repayment of borrowings triggered by any breach of loan covenants or default; and (iv) has negotiated with and maintained a good business relationship with suppliers of the Group, in particular those in relation to the Group's property development project.

The Group considered that point (ii) had been achieved as the operating cost was substantially decreased by 47% from HK$208 million for FY2019 to HK$110 million for FY2020. And, the austerity measures of the Group are ongoing. For the points (i), (iii) & (iv), the Group considered that the negotiations with the lenders were positive and believed that most of the lenders would join the debt restructuring scheme in due course.

Apart from the above actions, the going concern basis depends heavily on the success of the debt restructuring. As the debt restructuring was still in progress, the above actions could not resolve the going concern issue as at the reporting date. The Directors consider if the debt restructuring plan can be successful, the Company's liabilities will be decreased substantially and the potential investor(s) will provide additional funds to support the Group's operations in future.

(e) The Company has appointed an independent professional party to prepare the proposed debt restructuring plan. The independent professional party has been working on the plan and negotiating with different lenders. The proposed plan will be launched once the independent professional party has obtained support from the majority of the lenders. Moreover, the Company keeps on actively seeking potential investors for additional funding. The Directors consider that the success of the proposed debt restructuring plan may attract potential investors to provide additional working capital to support the Company as going concern basis. The exact timeline is not available yet.

Furthermore, the Company is endeavouring on more solutions, including but not limited to:

- introduction of business partners for the joint development of the property development project in Foshan City, the People's Republic of China ("PRC"); and

- following up with the SFC for the re-activation of the licences of the financial services.

The auditor considers that the qualified opinion in relation to the going concern issue may be removed if the proposed debt restructuring plan can be successfully implemented, including:

- the extension of repayment or hair cut of liabilities that had already fallen due and would be fallen due,

- the restart of the construction of investment property development project in Foshan, PRC;

- the re-activation of the financial services licences; and

- the success of raising additional funds.

(f) Taking into consideration of the situations and the financial positions of the Group and the management's efforts towards the actualisation of the actions as mentioned in (b) above, the audit committee has concurred with the adoption of going concern basis for the preparation of the financial statements of FY2020.

(ii) Unauthorized transfer of shares of Super Harvest Asset Management Limited and Super Harvest Global Fund SPC ("SH Asset Management" and "SH Fund" respectively)

(a) This audit qualification related to the unauthorized transactions and the outcome was that the Group had lost control on SH Fund in FY2019. Certain books and records of SH Fund had been taken away by Wong Yi Na, the new director/transferee of SH Fund and hence the auditor was not provided with the books and records of SH Fund for their examination. Besides, the unauthorized transactions were executed by the previous management of the Group and no sale and purchase agreement regarding to the transfer of shares was available for examination by the auditor. Hence, the auditor could not ascertain whether there were any liabilities (including contingent liabilities) arising from the sale and purchase agreement.

(b) The current management of the Group has taken action to wind up the SH Fund. As at the date of Annual Report, Wong Yi Na has not responded to the winding up petition. The current management of the Group considers that the chance of the Group being implicated by the liabilities, if any, arising from the sale and purchase agreement is remote. In addition, the Director will also put this issue in the debt restructuring plan. If no response or objection from the creditors, this issue would be solved after completion of the debt restructuring plan. However, we cannot provide sufficient appropriate evidence to the auditor as at the reporting date.

(c) As mentioned in point (b) above, the current management has applied for the winding up the SH Fund, and the liabilities, if any, arising from the sale and purchase agreement will be included in the debt restructuring plan. Once the debt restructuring plan is approved, the issue can be solved and the current management may provide the evidence to auditor to address this issue. Hence, the qualified opinion in relation to this issue will hopefully be removed in the following financial year.

(d) The aforesaid approach has been endorsed by the audit committee.

(iii) Fair value of the Group's investment properties under development and the related prepayment from customers

(a) The management estimated the fair value of the investment properties under development located in Foshan City (the "Foshan Project") to be RMB689,000,000 (equivalent to approximately HK$821,000,000). This value was based on the valuation report issued by an independent valuer as at 31 December 2020, which stated that the fair value of the Foshan Project to be in the range from RMB342,000,000 (equivalent to approximately HK$408,000,000) to RMB689,000,000.

The auditor considered that the range as stated in the valuation report was rather too wide, and the construction of the Foshan Project was temporarily suspended. They were not satisfied that the audit evidence was sufficient to assess the reasonableness of the fair value as stated by the management. Had there been any adjustment to the fair value of the Foshan Project, the value of the assets as at 31 December 2019 and 31 December 2020 and the loss for the years ended 31 December 2019 and 31 December 2020 would be affected.

(b) The fair value of the Foshan Project was based on the valuation report prepared by the independent valuer. However, due to the temporarily suspension of the Foshan Project, the valuer could only provide a range of fair value. During the discussion with the valuer, the valuer explained to the auditor that in the event that the subsidiary has sufficient fund to resume the construction so that the brand name would not be affected by the suspended construction, the value would be at the high-end of the range. The Company considered adopting a high-end range as the fair value of the Foshan Project on the ground that we considered we would put our effort to resume the construction as soon as possible so that the value of the Foshan Project would not be affected by the suspension. Our major judgement area was that the management has confidence to complete the Foshan Project. However, the auditor considered there were lack of sufficient audit evidence to assess the fair value of the Foshan Project, especially whether the brand name and hence the fair value would be affected by the suspended construction.

(c) The management has actively negotiated with potential investors and/or other business partners for the joint development of the Foshan Project. However, some of the potential investors or business partners are still considering the feasibility of the plan. Therefore, the development of Foshan Project is still in suspension.

(d) The management is actively soliciting investors and/or other business partners for the joint development of the Foshan Project. Moreover, if the debt restructuring plan can be successful, the management has confidence that the potential investors would provide additional funds to support the operation of the Group. Then, the Group could use its internal fund to continues the Foshan Project. The management believes that when the Foshan Project can be restarted, its fair value can be accurately determined.

Once the above action is taken, we believe that the valuer can assess the fair value of the Foshan Project more precisely in the year ended 31 December 2021 ("FY2021"). Accordingly, we believe the fair value of the Foshan Project in FY2021 will not be subject to the same qualified opinion.

(e) The audit committee concurred with the adoption of the fair value at the high-end as stated in the valuation report issued by the independent valuer for the preparation of the financial statements for FY2020.

(iv) Impairment assessment of the Group's intangible assets relating to the "financial services" segment

(a) The financial services segment is one of the most important segments of the Group. The intangible assets were derived when the Group acquired Ping An Securities Limited ("PASL"), which holds some licences issued by SFC and the trademark of "Ping An". In November 2019, applications for cessation of regulated activities of PASL and Super Harvest Securities and Futures Limited ("SHSF") were made to the SFC. Shortly afterwards, the management applied to the SFC for re-activation of PASL's licences for regulated activities and it was still in progress. As at 31 December 2020, the management of the Group considered that the re-activation of the aforesaid licences was uncertain, and no positive cashflow could be generated from this segment in near future. Besides, even though the SFC licences can be re-activated, the future cashflow may not be generated in the same manner as before. Therefore, the management of the Group had made full impairment of the intangible assets in relation to the financial services segment in 2020. The auditor considered there was impairment indication in 2019, because the application for the re-activation of the SFC licences was still in progress and the auditor did not know when the financial services could be resumed. However, the auditor did agree to the full impairment of the intangible assets made by the Company as at 31 December 2020. Since the opening balance of the intangible assets affected the determination of the results of the Group for FY2020, the auditor was unable to determine whether any adjustments might affect the results of the Group in FY2020 and the opening accumulated losses of the Group might also be adjusted for FY2020. Therefore, the auditor's opinion on the current year's consolidated financial statements was also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

(b) The management considered that the re-activation of the SFC licences was still uncertain and the licences were temporary suspended for more than one year. The management of the Group considered the recoverable amount of the intangible assets was zero and therefore full impairment was made in FY2020. The auditor agreed to the closing balance of intangible assets. The qualification in respect of this matter was related to the possible effect on the comparability of the current year's figures.

(c) The management is actively communicating with and providing the requisite information and documents to the SFC for the re-activation of the licences. However, the management considered that the re-activation of the licences is uncertain. As the auditor agreed with the closing balance of the intangible assets to be zero, the audit qualification will be removed for the closing balance of intangible assets in next year.

(d) The audit committee endorsed the assessment of the management that the full impairment was made for the intangible assets in FY2020.

(v) Audit evidences about the full impairment on loans receivable and related interest receivables recognized

(a) The previous management of the Company made loans which bore interest to various debtors in 2018. Since the resignation of Mr. Gong Qingli ("Mr. Gong"), former executive Director and CEO of the Company, the debtors ceased communicating with the new management of the Group, and failed to settle the loan principal and loan interest.

The new management had taken various actions in an attempt to recover the loans such as issuing demand letters. However, there was no response from the debtors. In determining the expected credit loss of the loan receivables, the management considered the default rate was high and hence full impairment was made in FY2019. However, the auditor considered that they were not provided with sufficient audit evidence to ascertain whether it was appropriate for the Group to recognize full impairment loss for FY2019. However, as time has passed for one more year, the auditor accepted that full impairment should be provided for these loan receivables and interest as at the end of FY2020. Since the opening balance of the loan receivables affected the determination of the result of the Group for the year, the auditor was unable to determine whether any adjustments to the results of the Group and opening accumulated losses of the Group might be necessary to make for FY2020. The auditor's opinion on the current year's consolidated financial statements is also modified because of possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

(b) The management had made full impairment on loan receivables in 2019. And no reversal of impairment in 2020. The auditor had agreed to the recoverable amount of loan receivables was closed to zero as at 31 December 2020. The qualification was due to the possible effect on the comparability of the current's figures.

(c) Anyway, the management will keep on taking possible recovery actions such as appointment of PRC lawyers to take appropriate legal actions and appointment of debts collection company to take appropriate recovery actions.

As the auditor agreed to the closing balance of the loan receivables, the audit qualification will be removed for the closing balance of loan receivables in next year.

(d) The audit committee agreed to the management that the possibility for the recovery of debts was low and much resources might have to input for recovery action. Full impairment should be conservative to reflect the possible outcome of the recovery action.

(vi) Inability to access to books and records of a PRC subsidiary disposed of during FY2019

(a) During FY2019, the Group disposed of 60% interest in a PRC subsidiary namely Lianrun (Shanghai) Information Technology Company, Limited* (聯潤(上海)信息科技有限公司) ("Lianrun"). Since the Group had already lost control of Lianrun after the disposal and hence unable to provide the auditor with the financial information, books and records of Lianrun. As a result, the auditor was unable to verify the transactions and cash flows of Lianrun before the disposal, and the balances of all assets and liabilities of Lianrun at the disposal date for 2019 audit.

(* *for reference only*)

The financial figures of Lianrun before the date of disposal of Lianrun would have impact on individual profit and loss and cash flow items in comparative figure and would not have impact on the assets and liabilities as at 31 December 2019 and 31 December 2020.

(b) The management considered the lack of information before the date of disposal of Lianrun did not affect the assets and liabilities of the Group as at 31 December 2019 and 31 December 2020.

(c) As there is no impact on profit and loss or assets and liabilities of the Group in future, no action will be taken in respect of this qualification. This audit qualification will not appear in next year.

(d) The audit committee agreed that the lack of information about the profit and loss and cash flows before the disposal date of Lianrun would only affect certain figures as shown in the Income Statement and the Statement of Cash Flow for FY2019, and did not have any impact on the assets and liabilities as at 31 December 2019 and 31 December 2020.

(vii) Inability to access a completed set of financial information and books and records of a major subsidiary of the Group.

(a) This audit qualification related to the Group's inability to provide a complete set of financial information, books and records of a major subsidiary of the Company to the auditor. The auditor was unable to access and obtain certain books and records of the major subsidiary for the period from 1 January 2020 to 17 September 2020. Therefore, the auditor could not verify the balance of assets and liabilities and the amount of the profit and loss items.

(b) The management was of the view that the major subsidiary had kept proper books and records. However, due to the investigation by the authorities of the PRC and the books and records were detained, the management could not provide a complete set of financial information, books and record to the auditor. All of the documents before 17 September 2020 were taken away and are being detained by the PRC's authorities. The auditor was unable to access those documents. Therefore, the auditor expressed modified opinion in respect of this issue.

(c) The management of the Group considered that the case would be settled if they could have sufficient cashflow to compensate the lessees. Once the lessees accept the compensation, the case will be closed and all documents will be released by the PRC authorities. Therefore, the key action would be the completion of debt restructuring and the potential investors would provide sufficient funds to operate the Foshan Project. If the auditor can obtain and access the complete set of financial information, the qualification in respect of this matter would be removed.

(d) The audit committee agreed to the management views that once the Group have completed the debt restructuring, the potential investor(s) would provide sufficient fund to the Group and therefore, the Group would have sufficient cashflow to support the operation of the Foshan Project and settle all potential legal cases.

Biographical Details of Directors

EXECUTIVE DIRECTOR

Mr. Cheung Kam Fai, aged 48, has been an executive Director since 27 November 2019. Mr. Cheung was the managing director of a finance company's China subsidiary before joining the Company in 2016, responsible for promoting the company's business in China. He has abundant experience in the securities sector and has established extensive networks in the field. Mr. Cheung is a non-executive director of Beng Soon Machinery Holdings Limited (Stock Code: 1987, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Mr. Cheung was an executive Director from 23 January 2016 to 6 June 2019, and was also the managing director of the Company from 17 August 2016 to 30 November 2017.

NON-EXECUTIVE DIRECTORS

Mr. Cheung Ming Ming, aged 44, was appointed as an executive Director on 29 November 2019 and re-designated to non-executive Director on 28 February 2020. Mr. Cheung obtained his Master of Philosophy degree from the University of Hong Kong. He graduated from the Hong Kong University of Science & Technology with a bachelor degree in Biochemistry. Mr. Cheung has been in the investment banking industry for 12 years. Mr. Cheung has extensive experience in the area of merger and acquisition advisory, acquisition and corporate finance, and private equity investment. After working in ING Bank N.V., Mr. Cheung works in Haitong International Securities Group Limited ("Haitong International") (Stock Code: 665, a company listed on the Main Board of the Stock Exchange). Mr. Cheung is a director of Well Up (Hong Kong) Limited (on receivership), a substantial shareholder of the Company having interest in 1,173,855,658 shares of the Company (representing approximately 22.72% of the total issued share capital of the Company as at the date of this Annual Report.

Mr. Tsui Cheung On, aged 38, was appointed as a non-executive Director on 29 November 2019, re-designated to executive Director on 10 December 2020, and further re-designated to non-executive Director on 28 February 2020. He graduated from the City University of Hong Kong with a Bachelor degree in Policy Studies and Administration in 2007. He is currently a director of Alternative Asset Management Department of Haitong International. He has been in the investment banking industry for more than 12 years. Mr. Tsui has extensive experience in the area of merger and acquisition, financing and listed company corporate actions, and has participated in and played leading roles in a number of deals relating to such areas.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Yee Shuen, Wilson, aged 53, has been an independent non-executive director since 20 February 2020. He holds a master of commerce degree, specializing in banking and finance from the University of New South Wales. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, member of Australian Society of Certified Practising Accountants and associate member of Financial Services Institute of Australasia. With approximately 20 years of experience in PricewaterhouseCoopers and Ernst and Young, Mr. Wong specializes in the area of auditing banks and listed companies.

Mr. Wong is serving as an independent non-executive director of Softpower International Limited (formerly known as China Pipe Group Limited (stock code: 380) (a company listed on the Main Board of the Stock Exchange) and PT International Development Corporation Limited (stock code: 372) a company listed on the Main Board of the Stock Exchange), he also served as a non-executive director of Impact Global Holdings (Cayman) Company Limited. He is the chief financial officer of China Animation Characters Company Limited (Stock code: 1566) a company listed on the Main Board of the Stock Exchange). Mr. Wong was an independent non-executive Director of the Company from 17 November 2015 to 1 December 2017.

Mr. Suen To Wai, aged 47, has been an independent non-executive Director since 20 February 2020. He received his bachelor's degree in Commerce from the University of Western Australia and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Suen has over 13 years of experience in financial reporting and corporate finance.

Mr. Suen has been the independent non-executive director of China Zenix Auto International Limited, a company listed on the OTC Markets of the U.S. (stock code: ZXAIY) and MingZhu Logistics Holdings Limited, (Stock Code: YGMZ) a company listed on NASDAQ since April 2018 and October 2020, respectively. He has been the company secretary of Asia Energy Logistics Group Limited, (Stock Code: 351), a company listed on the Main Board of the Stock Exchange since July 2020. He was also an independent non-executive director of CT Environmental Group Limited, (Stock Code: 1363), a company listed on the Main Board of the Stock Exchange, from February 2018 to April 2019 and the company secretary of China Smarter Energy Group Holdings Limited, (Stock Code: 1004), a company listed on the Main Board of the Stock Exchange, from February 2017 to April 2019.

Mr. Yau Wai Lung, aged 48, has been an independent non-executive Director since 11 June 2020. He has ample experience in project investment and management in Hong Kong and China. Mr. Yau has held a number of senior business development roles in major corporations and, during his tenure with these corporations, he was involved in different cross-border business projects and was responsible for the investment and management of those projects. Mr. Yau is studying an executive MBA course in Beijing University. Mr. Yau was an executive director of China Shandong Hi-Speed Financial Group Limited (stock code: 412, a company listed on the Main Board of the Stock Exchange) from August 2014 to May 2019, and thereafter has been appointed as its consultant.

The Company is committed to maintaining the highest standards of corporate governance that properly protect and promote the interests of all shareholders at all times. The Board believes that good corporate governance practices are the cornerstones for a successful business.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Board regularly reviews the Group's corporate governance guidelines and practices. During the year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("SEHK"), except the deviations from the CG Code as described below:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company has no chairman since Mr. Teng Wei's resignation with effect from 15 April 2019. Decisions of the Company are made collectively by the Directors. The Board will review the present arrangement from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances. The senior management was delegated the authority and responsibilities by the Board of the day-to-day management and operations of the Group. Approval has to be obtained from the Board prior to any significant transactions entered into by the senior management.

All Directors have full and timely access to all relevant information in relation to the Company as well as the advice and services of the company secretary, if and when required, with a view ensuring that the Board procedures and all applicable rules and regulations are followed.

There are established procedures for Directors to seek independent professional advice for them to discharge their duties and responsibilities, where appropriate at the Company's expenses.

The Board currently comprises one executive Director, namely, Mr. Cheung Kam Fai; two non-executive Directors, namely, Mr. Cheung Ming Ming and Mr. Tsui Cheung On; and three independent non-executive Directors, namely, Mr. Wong Yee Shuen, Wilson, Mr. Suen To Wai and Mr. Yau Wai Lung.

The Code Provisions require regular meetings of the Board be held at least four times a year at approximately quarterly intervals. Such Board meetings involve the active participation, either in person or by telephone conference.

During the year under review, 24 board meetings and 1 general meeting were held. The individual attendance record is as follows:

Director	Board Meetings attended/eligible to attend	General Meetings attended/eligible to attend
Executive Directors		
Mr. Gong Qingli *(Note 1)*	0/4	0/0
Mr. Cheung Kam Fai	24/24	1/1
Mr. Lin Hongqiao *(Note 2)*	15/16	0/0
Mr. Wang Zihao *(Note 3)*	6/6	0/0
Non-executive Directors		
Mr. Lee Chun Pong *(Note 4)*	6/6	0/0
Ms. Luo Xia *(Note 5)*	5/6	0/0
Mr. Cheung Ming Ming *(Note 6)*	24/24	1/1
Mr. Tsui Cheung On *(Note 7)*	24/24	1/1
Independent Non-executive Directors		
Mr. Tsang Wah Kwong *(Note 8)*	6/6	0/0
Dr. Leung Wing Cheung, William *(Note 9)*	6/6	0/0
Mr. Wong Yee Shuen, Wilson *(Note 10)*	19/19	1/1
Mr. Suen To Wai *(Note 11)*	19/19	1/1
Mr. Yau Wai Lung *(Note 12)*	11/11	1/1

Notes:

1. Mr. Gong Qingli resigned on 20 February 2020

2. Mr. Lin Hongqiao resigned on 16 July 2020

3. Mr. Wang Zihao resigned on 28 February 2020

4. Mr. Lee Chun Pong resigned on 28 February 2020

5. Ms. Luo Xia resigned on 28 February 2020

6. Mr. Cheung Ming Ming re-designated from Executive Director to Non-executive Director on 28 February 2020

7. Mr. Tsui Cheung On re-designated from Executive Director to Non-executive Director on 28 February 2020

8. Mr. Tsang Wah Kwong resigned on 11 March 2020

9. Dr. Leung Wing Cheung, William resigned on 28 February 2020

10. Mr. Wong Yee Shuen, Wilson was appointed on 20 February 2020

11. Mr. Suen To Wai was appointed on 20 February 2020

12. Mr. Yau Wai Lung was appointed on 11 June 2020

The Board members have no financial, business, family or other material/relevant relationships with each other.

The biographical details of the Directors are set out in the section "Biographical Details of Directors" of this Annual Report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year under review, the Company has three independent non-executive Directors, representing more than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise.

The functions of independent non-executive Directors are primarily to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts at Board meetings.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify its Directors and officers in respect of legal actions against the Directors and officers. Throughout the year under review, no claim had been made against the Directors and the officers of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment of any new Director is considered upon recommendation by the Nomination Committee and approved by the Board by taking into account criteria such as expertise, experience, integrity and commitment of a candidate as well as the diversity policy of the Company.

In accordance with the Bye-laws of the Company ("Bye-laws"), all Directors are subject to retirement by rotation and re-election at annual general meetings ("AGMs") of the Company. New Directors appointed by the Board are required to retire and submit themselves for re-election at the first general meeting immediately following their appointments. Further, at each AGM, one-third of the Directors, or if their number is not a multiple of three, then the number nearest to but not exceeding one-third, are required to retire from office.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company provides regular updates on the business development of the Group. The Directors are regularly provided information on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. All Directors have participated in appropriate continuous professional development and refreshed their knowledge and skills during the year for ensuring that their contribution to the Board remains informed and relevant and be kept abreast of the ever changing business environment. Such professional development was undergone either by way of attending briefings, conference, courses, forum and seminars, or through teaching, self-reading and participating in business-related researches which are relevant to the business of the Group or Directors' duties.

AUDIT COMMITTEE

During the year under review, the Audit Committee comprised all three independent non-executive Directors and was chaired by Mr. Wong Yee Shuen, Wilson, who has appropriate professional qualifications and experience as required by the Listing Rules. The Audit Committee's terms of reference are in conformity with the requirements of the Code Provisions. The primary duties of the Audit Committee include the following:

(a) monitoring and ensuring a proper relationship with the Company's external auditor;

(b) review of the Group's interim and annual reports and compliance with accounting standards, the Listing Rules, and legal requirements before submission to the Board; and

(c) oversight of the Company's financial reporting process and risk management and internal control systems.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2020 and recommended the same to the Board for its approval. With effect from 1 January 2016, the Audit Committee has extended its functions to oversee the Group's risk management system.

During the year under review, the Audit Committee held four meetings, to review the Group's interim and final financial statements, to meet and discuss with the external auditor about audit findings, and discuss with the management about appointment of the external auditor. The attendance records are as follows:

Committee Member	**Number of attendance**
Mr. Tsang Wah Kwong *(Note 1)*	1/1
Dr. Leung Wing Cheung, William *(Note 2)*	1/1
Mr. Wong Yee Shuen, Wilson *(Note 3)*	3/3
Mr. Suen To Wai *(Note 4)*	3/3
Mr. Yau Wai Lung *(Note 5)*	2/2

Notes:

1. Mr. Tsang Wah Kwong resigned on 11 March 2020
2. Dr. Leung Wing Cheung, William resigned on 28 February 2020
3. Mr. Wong Yee Shuen, Wilson was appointed on 20 February 2020
4. Mr. Suen To Wai was appointed on 20 February 2020
5. Mr. Yau Wai Lung was appointed on 11 June 2020

REMUNERATION COMMITTEE

During the year under review, the Remuneration Committee comprised all three independent non-executive Directors, namely, Mr. Wong Yee Shuen, Wilson, Mr. Suen To Wai, and Mr. Yau Wai Lung, as well as an executive Director and CEO Mr. Cheung Kam Fai, and is chaired by Mr. Suen To Wai.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the Directors and senior management remuneration, make recommendations on the remuneration packages of individual Director and ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration. The terms of reference of the Remuneration Committee are in conformity with the requirements of the Code Provisions.

During the year under review, the Remuneration Committee held three meetings to review the remuneration package of the Directors and senior management. The attendance records are as follows:

Committee Member	Number of attendance
Mr. Tsang Wah Kwong *(Note 1)*	1/1
Dr. Leung Wing Cheung, William *(Note 2)*	1/1
Mr. Wong Yee Shuen, Wilson *(Note 3)*	1/2
Mr. Suen To Wai *(Note 4)*	2/2
Mr. Yau Wai Lung *(Note 5)*	1/1
Mr. Cheung Kam Fai	3/3

Notes:

1. Mr. Tsang Wah Kwong resigned on 11 March 2020

2. Dr. Leung Wing Cheung, William resigned on 28 February 2020

3. Mr. Wong Yee Shuen, Wilson was appointed on 20 February 2020

4. Mr. Suen To Wai was appointed on 20 February 2020

5. Mr. Yau Wai Lung was appointed on 11 June 2020

NOMINATION COMMITTEE

During the year under review, the Nomination Committee comprised all three independent non-executive Directors, namely, Mr. Wong Yee Shuen, Wilson, Mr. Suen To Wai, and Mr. Yau Wai Lung, as well as an executive Director and CEO Mr. Cheung Kam Fai, and is chaired by Mr. Yau Wai Lung.

The primary duties of the Nomination Committee are to review the size, structure, composition and diversity of the Board, identify suitably qualified individuals for appointment to the Board, assess the independence of independent non-executive Directors and make recommendations to the Board on the election or re-election of the Directors and succession planning for the Directors. The terms of reference of the Nomination Committee are in conformity with the requirements of the Code Provisions.

The Nomination Committee held three meetings during the year to nominate candidates to the Board and review the composition of the Board and the suitability of the Directors proposed for re-election at the AGM. The attendance records are as follows:

Committee Member	Number of attendance
Mr. Tsang Wah Kwong *(Note 1)*	1/1
Dr. Leung Wing Cheung, William *(Note 2)*	1/1
Mr. Wong Yee Shuen, Wilson *(Note 3)*	1/2
Mr. Suen To Wai *(Note 4)*	2/2
Mr. Yau Wai Lung *(Note 5)*	1/1
Mr. Cheung Kam Fai	3/3

Notes:

1. Mr. Tsang Wah Kwong resigned on 11 March 2020
2. Dr. Leung Wing Cheung, William resigned on 28 February 2020
3. Mr. Wong Yee Shuen, Wilson was appointed on 20 February 2020
4. Mr. Suen To Wai was appointed on 20 February 2020
5. Mr. Yau Wai Lung was appointed on 11 June 2020

Board Diversity Policy

The Company aims to build and maintain a Board with a diversity of Directors, including but not limited to gender, age, cultural and educational background, or professional experience. The Board has adopted a Board Diversity Policy which sets out the approach to achieve and maintain diversity on the Board.

The Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption.

Director Nomination Policy

The Board has adopted this Policy to assist the Nomination Committee in nominating suitable candidates to the Board for it to consider and appoint as Director(s) to fill casual vacancies, and make recommendations to shareholders for election as Director(s) at general meetings.

The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

- Character and integrity;

- Personal attributes including professional qualifications, skills, knowledge, experience and expertise that are relevant to the Company's business and corporate strategy, and the ability to provide insights and practical wisdom based on those attributes;

- Willingness to devote adequate time to discharge duties as a Board member, other directorships, memberships of various committees and significant commitments;

- For independent non-executive directors to be appointed in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with senior management of the Company;

- Board Diversity Policy and any measurable objectives adopted by the Committee for achieving diversity on the Board; and

- Any other perspectives appropriate to the Company's business.

COMPANY SECRETARY

Mr. Chan Kwan Pak is the Company Secretary of the Company. He is an external service provider and was appointed by the Board. Mr. Chan supports the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. He also advises the Board on corporate governance matters and facilitates induction and professional development of the Directors. Mr. Chan reports directly to the Board. All the Directors have access to the advice and services of the Company Secretary at any time in relation to their duties and operation of the Board. The Company Secretary participated in no less than 15 hours of relevant professional training during the year.

RISK MANAGEMENT AND INTERNAL CONTROL

The board is responsible for overseeing the internal control system and risk management of the Group and for reviewing its effectiveness and adequacy on an ongoing basis.

In order to safeguard the Group's assets, effectiveness of business operation, ensure the reliability of financial report that the Company employs in its business or releases to the public and ensure compliance with relevant laws and regulations, the Company has established the risk management and internal control system and conducts regular reviews of the effectiveness of the such system through the Audit Committee, executive management, functional departments, external advisers and external auditors. The internal control system and risk management are designed to manage rather than eliminate the risk of to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year, in order to comply with the applicable CG Code to the Listing Rules, the Board has retained an external professional consultant to carry out the internal audit functions of the Company, with a view to facilitating adequacy of resources and quality of review to satisfy the Group's internal audit function as required by the Stock Exchange and to assist the Board in performing annual reviews on the effectiveness of the Group's internal control systems for the year ended 31 December 2020. The reviews cover material controls including financial, operational and compliance controls at entity and operational levels. The Audit committee and the Board have discussed and reviewed the relevant results of the review. The Board had conducted review of the effectiveness of the risk management. The Group will continuously enhance its internal control systems according to findings therein and recommendations made to the Group and risk management.

The Group has established procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

Based on the risk management and internal control systems established and maintained by the Group, the review of the effectiveness of risk management and internal control systems performed by the management, respective Board Committees and the Board, the Board is of the view that the Group has maintained effective risk management and internal control system during the year ended 31 December 2020.

AUDITOR'S REMUNERATION

Total auditor's remuneration in relation to statutory audit work of the Group for the year amounted to HK$1,100,000 (2019: HK$1,500,000). HK$365,000 was incurred for non-audit services provided by the auditor for the Group during the year (2019: HK$1,157,000).

The responsibilities of the auditor with respect to financial reporting are set out in the section of "Independent Auditor's Report" on page 47.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has established a shareholders' communication policy to maintain an on-going dialogue with its shareholders and investors in a timely, open and transparent manner. The Board reviews the policy on a regular basis to ensure effective communication between the Company and its shareholders and investors.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at AGMs and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to shareholders in a timely manner and are available on the websites of the Company and the SEHK.

SHAREHOLDERS' RIGHTS

Procedures for Nomination of a Director

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his willingness to be elected together with his/her particulars (such as qualifications and experience) and information as required to be disclosed under Rule 13.51(2) of the Rules Governing the Listing of Securities on the SEHK shall be lodged at the Company's head office and principal place of business (Room 510, 5/F, China Insurance Group Building, 141 Des Voeux Central, Hong Kong). The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Shareholders to convene a Special General Meeting

Special general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board of Directors or the Secretary of the Company (Room 510, 5/F, China Insurance Group Building, 141 Des Voeux Central, Hong Kong) for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within 3 months after the deposit of such requisition.

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in detail in note 41 to the financial statements.

SEGMENT INFORMATION

An analysis of the Group's turnover and contribution to results by principal activity and geographical area of operations for the year ended 31 December 2020 is set out in note 7 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2020 and the state of affairs of the Group at that date are set out in the financial statements on pages 48 to 166.

The Directors do not recommend the payment of any dividends in respect of the year ended 31 December 2020 (2019: Nil).

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders of the Company to be our goal. Declaration and payment of dividends shall be determined at the sole discretion of the Board.

In proposing any dividend payout, the Board shall also take into account, inter alia, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the Shareholders of the Company as a whole. The Company's distribution of dividends shall also be subject to any restrictions under the Bermuda Companies Act and the Bye-laws of the Company as well as all applicable laws, rules and regulations.

The Dividend Policy allows the Board to declare special dividends from time to time in addition to the interim and/or annual dividends. There is no guarantee that any particular amount of dividends will be distributed for any specific periods.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided in the CEO Statement on pages 3 to 5 of this Annual Report. Description of the financial risk management objectives and policies of the Group can be found in Note 6 to the financial statements. An analysis of the Group's performance during the year using financial key performance indicators are provided in the Management Discussion and Analysis on pages 6 to 15 of this Annual Report.

Environmental Policy and Performance

The Group commits to the principle and practice of recycling and reducing. To help conserve the environment, it implements green office practices such as re-deployment of idle office furniture as far as possible, encourage use of recycled paper for printing and copying, double-sided printing and copying, setting up recycling bins, reduce energy consumption by switching off idle lightings, air conditioning and electrical appliances.

The Group will review its environmental practices from time to time and consider implementing further eco-friendly measures, sustainability targets and practices in the operation of the Group's businesses to embrace the principles of reducing, recycling and reusing, and further minimizing our already low impact on the natural environment.

Compliance with Relevant Laws and Regulations

For the year ended 31 December 2020, compliance procedures were in place to ensure adherence to applicable laws, rules and regulations, in particular those have significant impact on the Group. The employees to understand, comply with and keep themselves abreast of the laws, rules and regulations applicable to their positions and the operation of the businesses of the Group. The Company has employed suitable personnel and engaged professional advisers as and when appropriate to provide legal advice on the applicability, existence or interpretation of any laws, rules and regulations.

Relationship with Stakeholders

The Group is committed to create good internal and external corporate relationships, and build a harmonious enterprise to take its responsibilities for its various stakeholders, such as customers, employees, shareholders and community. The Board recognizes the importance of fostering loyalty and mutual trust with the Group's employees, customers, suppliers and business partners as this creates immense long-term benefits for the Group. To achieve the above purpose, the Group strives to promote constant and effective communications. The Board considers that the Group has overall maintained good relationship with employees, customers, suppliers and business partners for the operation of its businesses.

Environmental, Social and Governance

The details of environmental, social and governance policies and performance of the Group will be disclosed in a standalone Environmental, Social and Governance Report, which will be available on the Company's website (www.pingansecgp.com) and on the website of the Stock Exchange (www.hkexnews.hk).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years ended 31 December 2020, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 167. The summary is not part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 17 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group are set out in note 19 to the financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 35 to the financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group are set out in note 42 to the financial statements and on page 54 respectively.

DISTRIBUTABLE RESERVES

At 31 December 2020 the Company did not have any reserves available for distribution to equity shareholders of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the Group's five largest customers accounted for more than 30% of the total sales for the year, and the purchases attributable of the five largest suppliers accounted for less than 30% of the Group's total purchases. Information about major customers are set out in note 7 to the financial statements.

DIRECTORS

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

Executive Directors

Mr. Gong Qingli	*(Resigned on 20 February 2020)*
Mr. Cheung Kam Fai	
Mr. Lin Hongqiao	*(Resigned on 16 July 2020)*
Mr. Wang Zihao	*(Resigned on 28 February 2020)*

Non-executive Directors

Mr. Cheung Ming Ming	*(Re-designated from Executive Director to Non-executive Director on 28 February 2020)*
Mr. Tsui Cheung On	*(Re-designated from Executive Director to Non-executive Director on 28 February 2020)*
Mr. Lee Chun Pong	*(Resigned on 28 February 2020)*
Ms. Luo Xia	*(Resigned on 28 February 2020)*

Independent Non-executive Directors

Mr. Tsang Wah Kwong	*(Resigned on 11 March 2020)*
Dr. Leung Wing Cheung, William	*(Resigned on 28 February 2020)*
Mr. Wong Yee Shuen, Wilson	*(Appointed on 20 February 2020)*
Mr. Suen To Wai	*(Appointed on 20 February 2020)*
Mr. Yau Wai Lung	*(Appointed on 11 June 2020)*

At the forthcoming annual general meeting ("AGM"), Mr. Cheung Kam Fai and Mr. Tsui Cheung On shall retire in accordance with Bye-law 109(A). All of them being eligible, will offer themselves for re-election thereat.

DIRECTORS' SERVICE AGREEMENTS

Mr. Cheung Kam Fai has entered into a service agreement with the Company for an initial term of three years from their date of appointment and the agreements shall be renewed for the same term automatically thereafter when expire unless terminated in accordance with the terms of the agreements. He shall be subject to retirement by rotation and be eligible for reelection at the AGMs of the Company pursuant to the Bye-laws.

Each of the independent non-executive Directors have entered into a letter of appointment with the Company. All of them are appointed for an initial term of one year, renewable automatically for a successive term of one year upon expiry of every term of appointment. All of them shall be subject to retirement by rotation and be eligible for re-election at the AGMs of the Company pursuant to the Bye-laws.

No Director proposed for re-election at the forthcoming AGM has a service agreement or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year.

EQUITY-LINKED AGREEMENTS

Other than the convertible bonds and the share option scheme of the Company, 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 or subsisted at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31 December 2020, none of the Directors were interested in any business apart from the Group's businesses which competed or was likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND SHORT POSITIONS

As at 31 December 2020, the interests of the Directors and chief executives of the Company or their associates had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

Long position in Shares:

(a) Interest in Shares:

Name of Director	Nature of interests	Number or attributable number of shares held or short positions	Approximate percentage or attributable percentage of shareholding
Mr. Cheung Kam Fai	Beneficial owner	147,050,000	2.85%

(b) Long position in underlying shares:

Name of Director	Nature of interests	Description of securities	Number of underlying shares	Approximate % of interests
Mr. Cheung Kam Fai	Beneficial owner	Convertible Bonds	31,250,000	0.60%

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the interests of substantial shareholders (other than the Directors or chief executives) in the Shares or the underlying shares of the Company which were required to be notified to the Company pursuant to Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in Shares:

(a) Interest in Shares:

Name of substantial shareholder	Nature of interests	Number or attributable number of shares held or short positions	Approximate percentage or attributable percentage of shareholding
Well Up (Hong Kong) Limited ("Well Up") *(Note)*	Beneficial owner	2,628,775,658	50.89%
King Focus International Limited ("King Focus") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
Ever Step Holdings Limited ("Ever Step") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
Chong Sing Holdings FinTech Group Limited ("Chong Sing") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
Cui Xintong ("Ms. Cui") *(Note)*	Founder of discretionary trust who can influence how the trustee exercise his discretion	2,628,775,658	50.89%
Lee Ken-yi Terence ("Mr. Lee") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
TMF (Cayman) Limited ("TMF") *(Note)*	Trustee	2,628,775,658	50.89%
Deep Wealth Holdings Limited ("Deep Wealth") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
Charm Success Group Limited ("Charm Success") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
Finest Achieve Limited ("Finest Achieve") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%
China Wood International Holding Co. Limited (Formerly known as HongDa Financial Holding Limited) ("China Wood") *(Note)*	Interests of controlled corporation	2,628,775,658	50.89%

Note:

Well Up is wholly-owned by King Focus. King Focus, which is in turn owned as to 49% by Charm Success, 37% by Ever Step and 14% by Finest Achieve, respectively.

Charm Success is wholly-owned by Deep Wealth, which is in turn wholly-owned by TMF as a trustee. Ms. Cui is the founder of the Trust and Mr. Lee is the spouse of Ms. Cui.

Ever Step is wholly-owned by Chong Sing.

Therefore each of King Focus, Ever Step, Chong Sing, Charm Success, Deep Wealth, TMF, Ms. Cui and Mr. Lee is deemed to be interested in 50.89% of the entire issued share capital of the Company. Through such interests, each of them is therefore deemed to be interested in Shares in which Well Up is interested for the purpose of the SFO.

(b) Interests in underlying shares:

Name of substantial shareholder	Nature of interests	Description of securities	Number of underlying shares	Approximate % of interests
Topsource International Holding Co., Limited ("Topsource")	Beneficial owner	Convertible Bonds *(Note)*	520,833,333	10.08%
Shanghai Xinhua Distribution Group Co., Ltd. ("Shanghai Xinhui")	Interest of controlled corporation	Convertible Bonds *(Note)*	520,833,333	10.08%

Note: Since Topsouce is wholly-owned by Shanghai Xinhua, and Shanghai Xinhui is deemed to be interested in the same number of shares in which Topsource was interested under the SFO.

Save as disclosed above, as at 31 December 2020, there was no other person (other than the Directors or chief executives of the Company) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

SHARE OPTION SCHEME

At the AGM held on 23 June 2011, the terms of the share option scheme (the "Scheme") was adopted by providing incentive to eligible participants to work better for the interests of the Group, under which the Board may, at its discretion, offer to grant an option to any full-time or part-time employee and directors of the Company or any of its subsidiaries and service providers of the Group (collectively the "Grantees").

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue on the date of adoption of the Scheme (as refreshed on 29 May 2014), being 1,184,264,739 shares. The total number of shares which may fall to be issued upon exercise of the share options granted under the Scheme to each Grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as at the date of grant.

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors. If the Board proposed to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of shares to be issued upon exercise of the options granted and to be granted to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the shares in issue on the date of grant and having an aggregate value in excess of HK$5 million, based on the closing price of the shares at the date of each grant, such further grant of options will be subjected to the shareholders' approval in general meeting.

The offer of a grant of share options may be accepted within 28 days from the offer date or within such other period of time as may be determined by the Board. Upon acceptance of the options, the Grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

The subscription price of a share in respect of any option granted under the Scheme shall be priced as the Board in its absolute discretion shall determine, but must be at least the higher of (i) the closing price of the Company's shares as quoted on the SEHK on the date of grant; (ii) the average closing price of the Company's shares as quoted on the SEHK for the five consecutive business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company.

The period during which an option may be exercise will be determined by the Board in its absolute discretion. An option may be exercised in accordance with the terms of the Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The shares to be allotted upon the exercise of an option will not carry voting rights until the completion of the registration of the Grantee.

No share option under the Scheme were granted or exercised during the year nor remained outstanding as at 31 December 2020.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY

Pursuant to the Bye-laws, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the Year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

MANAGEMENT CONTRACTS

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

CONTINGENT LIABILITIES

As at 31 December 2020, details of contingent liabilities are set out in note 39 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date hereof, there is sufficient public float of not less than 25% of the Company's issued shares as required by the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed and approved the Group's annual results for the year ended 31 December 2020 in conjunction with the Company's external auditor prior to the approval of the annual results by the Board. Information on the work of the Audit Committee and its composition are set out in the Corporate Governance Report on pages 18 to 27.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by CHENG & CHENG LIMITED ("Cheng & Cheng"). Cheng & Cheng will retire at the conclusion of the forthcoming AGM and, being eligible, offer itself for re-appointment at the forthcoming AGM. A resolution for re-appointment of Cheng & Cheng as auditor of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

Cheung Kam Fai
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2021

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司

TO THE SHAREHOLDERS OF PING AN SECURITIES GROUP (HOLDINGS) LIMITED
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of PING AN SECURITIES GROUP (HOLDINGS) LIMITED (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 166, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

BASIS FOR DISCLAIMER OF OPINION

1) Multiple uncertainties related to going concern basis

The Group had incurred a loss of HK$703,253,000 for the financial year ended 31 December 2020 (2019: HK$969,951,000) and, as of that date, the Group was in net current liability position of HK$1,521,363,000 (2019: HK$1,250,109,000), and in net liability position of HK$1,375,544,000 (2019: HK$641,542,000).

As at 31 December 2020, the aggregate principal amount of Convertible notes and Senior Notes issued by the Company of HK$290,000,000 (2019:HK$290,000,000) and HK$283,101,000 (2019: HK$283,101,000), respectively, and aggregate interest payable of HK$178,183,000 (2019: HK$43,135,000) as described in note 27 to the consolidated financial statements, were overdue and the Group was in default in repayment since 2019.

As reported in our auditor's report on the Group's consolidated financial statements for the year ended 31 December 2019, the Company received two petitions; one was received from a creditor of the immediate holding company of the Company (the "First Petition") and the other one was received from a Senior Note holder ("Second Petition") to apply for the winding up the Company on 18 November 2019 and 21 November 2019 respectively. The High Court granted an order to withdraw the First Petition and Second Petition on 8 January and 22 January 2020 respectively. Up to the date of this report, the Group has not been able to obtain approval from the lenders regarding extension of repayments of these Convertible notes and Senior Notes and the abovementioned outstanding amounts were still not yet settled.

As at 31 December 2020, there were certain other borrowings with the aggregate principal amount of HK$88,183,000 (2019: HK$73,880,000) and interest payable of HK$9,642,000 (2019: HK$2,171,000), amounting to HK$97,825,000 (2019: HK$76,051,000) in aggregate were in default as disclosed in note 28 to the consolidated financial statements. Up to the date of this report, the Group has not been able to obtain approval from the lenders regarding extension of repayment of these borrowings. On 15 July 2020, Ms. Yang Xueli, one of the creditors, filed winding up petition against the Company on the ground that the Company has failed to pay the principal amount of HK$10,000,000 and interest payable of HK$955,000. The adjourned hearing is scheduled to be on 10 May 2021.

Moreover, as at 31 December 2020, the Group's investment properties located in The People's Republic of China ("PRC"), as described in note 19 to the consolidated financial statements, were still under development. As at 31 December 2020, the outstanding construction cost payable amounted to HK$182,460,000 (2019: HK$174,411,000) (included in note 27 to the consolidated financial statements) which had been overdue. The development process had been suspended since June 2019 due to the Group's failure to pay the outstanding construction costs to the constructors. The Group had received prepayments from customers when the Group signed agreements of pre-leasing the investment property since 2017, which had been recognised as the Group's liabilities, amounting to HK$683,775,000 as at 31 December 2020 (2019: HK$649,203,000).

These conditions mentioned above and those described in notes 31 and 39 to the consolidated financial statements indicate the existence of material uncertainties and may cast significant doubt about the Group's ability to continue as a going concern. Notwithstanding the above mentioned, the management has prepared the consolidated financial statements on a going concern basis.

Up to the date of this report, we were unable to obtain sufficient appropriate evidence to satisfy ourselves that the measures described in note 3 to the consolidated financial statements are sufficient to address the concerns about the Group's ability to continue as a going concern. Nor were we satisfied with ourselves that the assumptions adopted by the Group to prepare the consolidated financial statements on a going concern basis as set out in Note 3 to the consolidated financial statements were reasonable and supportable. Hence, we were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness or reasonableness of the management's use of the going concern basis of accounting in the preparation of the consolidated financial statements.

Should the Group fail to achieve the intended effects of the plans and measures described in Note 3 to the consolidated financial statements, it might not be able to continue to operate as a going concern and to settle its obligations and commitments, and adjustments may have to be made to write down the Group's assets to amounts that can be realised, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

2) Unauthorised transfer of shares of Super Harvest Asset Management Limited and Super Harvest Global Fund SPC ("SH Asset Management" and "SH Fund" respectively)

On 23 March 2020, the Company made an announcement (the "Announcement") that the board of the directors of the Company (the "Board") had recently discovered 2 unauthorised transactions that were conducted without any notice to, or the prior approval of the Board at the relevant times: the first one was about a sale and purchase agreement relating to the transfer of the 100% shareholdings in SH Asset Management, an indirect wholly owned subsidiary of the Company, at US$1, entered into between Vulture Capital Management Limited (as Purchaser A) and Earnest Wish Limited (an indirect wholly-owned subsidiary of the Company) (as Vendor) on 25 September 2019 and the second one was about a sale and purchase agreement relating to the transfer of the management share of SH Fund entered into between SH Asset Management and Wong Yi Na (as Purchaser B) on 6 November 2019 and Purchaser B had been registered as the holder of the Management Share on the register members of SH Fund since 28 November 2019. The Announcement also mentioned that the first unauthorised transaction was subsequently cancelled and reversed on 15 October 2019. Moreover, in respect of the second unauthorised transaction, the Board asserted that it had not been provided with the sale and purchase agreement and that the Group had not received the consideration of US$1 up to the date of this report as well as that there was an alleged trust arrangement. As represented by the Board, these two unauthorised transactions were executed by the previous management of the Group which were found by the new management of the Group in March 2020.

Before the occurrence of the abovementioned two unauthorised transactions, SH Asset Management and SH Fund were considered by the management as subsidiaries of the Group. Soon after the sale and purchase agreement of the second unauthorised transaction, on 21 November 2019, SH Fund, as the Senior Note holder, applied for the winding up of the Company. The new management of the Group had also lost control of the financial information and books and records of SH Fund. Therefore, the new management of the Group decided to deconsolidate SH Fund for the year ended 31 December 2019. The Group did not record any gain or loss on the deconsolidation for the year ended 31 December 2019.

On 17 March 2020, the Board passed resolutions to authorise two independent non-executive directors of the Company, to form the Special Investigation Committee to undertake investigation on matters pertaining to the two unauthorised transactions and to review the internal control system of the Group. The report prepared by an independent party was issued on 10 July 2020. The Special Investigation Committee had reviewed the findings in the report which stated that it appeared that the mastermind of the two unauthorised transactions was Mr. Gong Qingli, the ex-executive director of the Company, ("Mr. Gong"), but they were unable to reach Mr. Gong for further investigation. The Special Investigation Committee concluded that the chance for achieving further progress with the investigation was very slim. Therefore, the Special Investigation Committee proposed to cease the investigation.

As reported in our auditor's report on the consolidated financial statements for the year ended 31 December 2019, we were unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy ourselves as to the validity, nature and purpose of the abovementioned transactions. Also, we were unable to access and obtain certain financial information and books and records of SH Fund for the period from 1 January 2019 to 31 December 2019. And, the management of the Group could not confirm to us that all financial information and books and records of SH Fund were provided to us. We were unable to verify transactions entered into by SH Fund, the financial performance and the related cash flows for the period from 1 January 2019 up to date of deconsolidation and to verify the balances of all assets and liabilities of SH Fund as at the date when the unauthorised transactions took place and thereafter. Therefore, we were unable to verify any gain or loss arising from these unauthorised transactions and the completeness, occurrence, accuracy and disclosure of the related financial items in the consolidated financial statements. And, we were not provided with the sales and purchase agreements relating to the 2 unauthorised transactions by the management of the Group. Therefore, we were also unable to verify whether there were any events after 31 December 2019 and contingent liabilities arising from the sales and purchases agreements that might have material impacts to the Group. And, we could not verify the completeness of the financial information and books and records of SH Fund.

During the course of our audit of the Group's consolidated financial statements for the year ended 31 December 2020, we encountered similar difficulties as we did when we performed the audit of the Group's consolidated financial statements for the year ended 31 December 2019. Again, we were unable to access to books and records of SH Fund. We were not provided with sales and purchase agreements relating to the two unauthorised transactions. Therefore, similar to the concerns reported in our auditor's report on the consolidated financial statements for the year ended 31 December 2019, we were unable to verify transactions entered into by SH Fund, the financial performance and the related cash flows for the period from 1 January 2019 up to date of deconsolidation and to verify the balances of all assets and liabilities of SH Fund as at the date when the unauthorised transactions took place and thereafter. We were also unable to obtain sufficient appropriate audit evidence and were unable to carry out alternative audit procedures to satisfy ourselves as to the validity, nature and purpose of the abovementioned transactions. Since the Special Investigation Committee proposed not to investigate further, we were unable to obtain sufficient appropriate audit evidence about the causes of the abovementioned two transactions and whether or not the Group had identified, recorded and disclosed all liabilities (including contingent liabilities) that may have material impacts to the Group.

3) Scope limitation on inability to obtain sufficient appropriate audit evidence about the fair value of the Group's investment properties under development and the related prepayments from customers

As discussed in note 19 to the consolidated financial statements, the carrying amount of investment properties was HK$821,000,000 as at 31 December 2020 (2019: HK$999,000,000). During the year ended 31 December 2020, fair value change on investment properties amounted HK$235,137,000 (2019: HK$386,130,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

We were told by the management of the Group that the fair values of the investment properties under development as at 31 December 2020 and 31 December 2019 were determined with reference to valuation reports issued by an independent valuer as at 31 December 2020 and 31 December 2019 respectively. The construction of the investment properties had been suspended since June 2019. Also, we were told by the management of the Group that since the management of the Group could not provide sufficient information to the valuer to determine the fair value of the properties under development as at 31 December 2020 and 31 December 2019, the valuer could only determine a wide range of fair value of the properties from RMB342,000,000 to RMB689,000,000 (equivalent to approximately HK$408,000,000 to HK$821,000,000) (2019: from RMB656,000,000 to RMB896,000,000 (equivalent to approximately HK$731,000,000 to HK$999,000,000)). With such a wide range of fair value and the facts and circumstances as described above, we were unable to obtain sufficient appropriate audit evidence to assess whether the fair values of investment properties under development as at 31 December 2020 and 31 December 2019 were free from material misstatements. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, might have consequential effect on the net liabilities of the Group as at 31 December 2020 and 31 December 2019, on its loss for the each of the years ended 31 December 2020 and 31 December 2019, on the statement of cash flows for each of the years ended 31 December 2020 and 31 December 2019 and the disclosures in the notes to consolidated financial statements for each of the years ended 31 December 2020 and 31 December 2019 and hence may affect the comparability of the current year's figures and the corresponding figures in the consolidated financial statements.

In addition, as at 31 December 2020, most of the prepayment from customers, amounting to HK$680,750,000 (2019: HK$636,661,000) were recognised as liabilities in the consolidated statement of financial position and were presented as non-current liabilities. In the absence of sufficient appropriate evidence provided to us, we were unable to assess the accuracy, completeness and presentation of such prepayments obtained from customers and to determine whether it is appropriate to classify such prepayments as non-current liabilities. Any adjustments to the figures as described above might have a consequential effect on the net liabilities of the Group as at 31 December 2020 and 31 December 2019, its loss for the years ended 31 December 2020 and 2019 and the related presentation and disclosure thereof in the consolidated financial statements and the comparability of the current year's figures and the corresponding figures in the consolidated financial statements.

4) Scope limitation on inability to access the completed set of financial information and books and records of a major subsidiary of the Group – 佛山盛明置業有限公司 ("佛山盛明")

As told by the management of the Group, some of the tenants, who signed agreements of pre-leasing the Group's investment properties with 佛山盛明, which carries out the property development operations, reported contract fraud to the police of People Republic of China ("PRC"). On 17 September 2020, all of the financial information and books and records of 佛山盛明 were ordered by PRC's police to submit for investigation. With such facts and circumstances, we were unable to access the books and records of 佛山盛明 to carry our audit procedures and we were unable to carry out alternative audit procedures.

In the absence of sufficient appropriate audit evidence, we were unable to access and obtain certain books and records of 佛山盛明 for the period from 1 January 2020 to 17 September 2020. We were also unable to verify the balance of assets and liabilities of 佛山盛明 as at 31 December 2020. Therefore, we were unable to verify the completeness, occurrence, accuracy and disclosure of the related financial items in the consolidated financial statements.

5) Scope limitation on inability to obtain sufficient appropriate audit evidence about the impairment assessment of the Group's intangible assets relating to the "financial services" segment

As disclosed in note 21 to the consolidated financial statements, the gross carrying amount of intangible assets was HK$269,666,000 as at 31 December 2020 (2019: HK$287,948,000). During the year ended 31 December 2020, an impairment loss on intangible assets amounted HK$269,666,000 (2019: Nil) was recognised in the consolidated statement of profit or loss and other comprehensive income.

On 18 November 2019, the Company made an announcement (the "November Announcement") that the Board intended to apply to Securities and Futures Commission (the "SFC") for the cessation of regulated activities by two wholly owned subsidiaries of the Group namely Ping An Securities Limited ("Ping An Securities") and Super Harvest Securities and Futures Limited ("SH Securities and Futures"). After the November Announcement, as told by the management of the Group, these two subsidiaries had not been generating any positive cash flows. Up to the date of this report, the Group has still been negotiating with SFC as to when it can resume the normal business activities.

As reported in our auditor's report on the Group's consolidated financial statements for the year ended 31 December 2019, in performing the impairment assessment on the intangible assets as at 31 December 2019, the recoverable amount of the intangible assets was estimated using an income-based approach with reference to the Group's historical financial information relating to the financial services segment and with an assumption that the Group would be able to resume its business in the near future. The recoverable amount of the intangible assets as at 31 December 2019 determined on such basis was higher than the carrying amount of the intangible assets. On this basis, the management of the Group concluded that there was no impairment loss recognized for the year ended 31 December 2019. As reported in our auditor's report on the Group's consolidated financial statements for the year ended 31 December 2019, we were unable to obtain sufficient appropriate audit evidence to justify why the inputs and assumptions used in determining the recoverable amount of the intangible assets as at 31 December 2019 were supportable and reasonable. There were no alternative audit procedures that we could perform to satisfy ourselves as to (a) whether the carrying amount of the intangible assets and the related deferred liabilities as at 31 December 2019 were free from material misstatements and (b) how much impairment loss on the intangible assets and reversal of deferred tax liabilities should be recognised for the year ended 31 December 2019.

In preparing the Group's consolidated financial statements for the year ended 31 December 2020, the management of the Group was of the view that they were unable to estimate when the Group could resume the normal business activities regarding the "financial services" segment and the chance that the "financial services" segment could resume to generate possible cash flows in the foreseeable future was remote. Therefore, the management of the Group had fully impaired on the intangible assets for the year ended 31 December 2020.

Since the opening balance of the intangible assets affect the determination of the results of the Group for the year, we were unable to determine whether adjustments to the results of the Group and opening accumulated losses of the Group might be necessary for the year ended 31 December 2020 and hence to the elements making up the consolidated statement of cash flows and the disclosures in the notes to the consolidated financial statements. Our opinion on the current year's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

6) Scope limitation on inability to obtain sufficient appropriate audit evidence about the full impairment on loans receivables and related interest receivable recognised by the Group for the year ended 31 December 2019

The Group's loan receivables amounting to HK$273,598,000 and the related interest receivables amounting to HK$41,151,000 were fully impaired in the year ended 31 December 2019.

As reported in our auditor's report on the consolidated financial statements for the year ended 31 December 2019, we were unable to obtain sufficient appropriate audit evidence whether it was appropriate for the Group to recognise full impairment loss for the year ended 31 December 2019. Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence might have a consequential effect on the net liabilities of the Group as at 31 December 2019 and the loss for the year ended 31 December 2019.

When we performed the audit in respect of the Group's consolidated financial statements for the year ended 31 December 2020, we were told by the management of the Group that despite various actions had been taken to try to recover the debts, there were no responses from the debtors and that the management of the Group could not locate the debtors. Therefore, the management of the Group took the view that the chance to recover the debts was remote. During the course of our audit in respect of the Group's consolidated financial statements for the year ended 31 December 2020, we sent confirmations to the debtors several times and none of them had replied us.

Since the opening balance of the loans receivable and interest receivable affect the determination of the results of the Group for the year, we were unable to determine whether adjustments to the results of the Group and opening accumulated losses of the Group might be necessary for the year ended 31 December 2020 and hence to the elements making up the consolidated statement of cash flows and the disclosures in the notes to the consolidated financial statements. Our opinion on the current year's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

7) Scope limitation on inability to access to books and records of a PRC subsidiary disposed of during the year ended 31 December 2019

When we perform the audit in respect of the Group's consolidated financial statements for the year ended 31 December 2019, the management of the Group was unable to provide us with financial information, books and records of 聯潤 (上海)信息科技有限公司 upon the disposal date in previous year. As reported in our auditor's report on the consolidated financial statements for the year ended 31 December 2019, we were unable to access to the financial information, books and records of the disposed subsidiary regarding financial information before the disposal. We were unable to verify the transactions and cash flows of the disposed subsidiary before the disposal and we were unable to verify the balances of all assets and liabilities as at disposal date and therefore, we could not verify the accuracy of any gain or loss on disposal of this subsidiary (see note 34 to the consolidated financial statements). Any adjustments found to be necessary in respect thereof, had we obtained sufficient appropriate audit evidence, might have a consequential effect on the presentation and disclosure of items included in the Group's consolidated statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2019 and the related disclosures in the Group's consolidated financial statements for the year ended 31 December 2019.

Our opinion on the current year's financial statements is also modified because of the effect of this matter on comparability of current year figures and corresponding figures.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chief Executive Officer's Statement, the Management Discussion and Analysis, the Corporate Governance Report and the Report of the Directors, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

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

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

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

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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

CHENG & CHENG LIMITED
Certified Public Accountants
Cheng Hong Cheung
Practising Certificate number P01802

Hong Kong

31 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	7 & 8	**1,614**	40,496
Other income	8	**4,794**	1,064
Other gain and losses, net		**(1,242)**	(17,957)
Distribution costs		**(801)**	(57,077)
Administrative expenses		**(109,596)**	(208,813)
Finance costs	9	**(136,307)**	(98,112)
Loss from changes in fair value of investment properties under development	19	**(235,137)**	(386,130)
Fair value change on financial assets at fair value through profit or loss		**(41)**	4,556
Fair value change on derivative financial liabilities	30	**1,370**	8,130
Property, plant and equipment written off		**(5,878)**	–
Gain/(Loss) on disposal of property, plant and equipment		**100**	(150)
Impairment losses on goodwill		**–**	(698)
Impairment losses on intangible assets		**(269,666)**	(325)
Expected credit losses on financial assets	10	**–**	(302,465)
Gain on the extinguishment of convertible notes		**–**	4,400
Loss before tax from continuing operations		**(750,790)**	(1,013,081)
Income tax credit	11	**47,537**	43,695
Loss for the year from continuing operations	12	**(703,253)**	(969,386)
Loss for the year from discontinued operation	33	**–**	(565)
Loss of the year		**(703,253)**	(969,951)

	Notes	2020 HK$'000	2019 HK$'000
Loss attributable to:			
– Owners of the Company		**(703,253)**	(993,035)
– Non-controlling interests		**–**	23,084
		(703,253)	(969,951)
Loss attributable to the owners of the Company:			
– from continuing operations		**(703,253)**	(993,199)
– from discontinued operation		**–**	164
		(703,253)	(993,035)
Loss attribute to non-controlling interests:			
– from continuing operations		**–**	23,813
– from discontinued operation		**–**	(729)
		–	23,084
Loss per share			
– Basic and diluted (HK cents)	*16*		
From continuing and discontinued operations		**13.61 cents**	19.22 cents
From continuing operations		**13.61 cents**	19.23 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Loss for the year		**(703,253)**	(969,951)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences arising on translation of financial statements of foreign operations		**(30,749)**	(3,361)
– Reclassification adjustment on translation reserve released on disposals of subsidiaries	*34*	**–**	(54)
Other comprehensive loss for the year		**(30,749)**	(3,415)
Total comprehensive loss for the year		**(734,002)**	(973,366)
Other comprehensive loss for the year attributable to:			
– Owners of the Company		**(30,749)**	(1,568)
– Non-controlling interests		**–**	(1,847)
		(30,749)	(3,415)
Total comprehensive (loss) income for the year attributable to:			
– Owners of the Company		**(734,002)**	(994,603)
– Non-controlling interests		**–**	21,237
		(734,002)	(973,366)
Total comprehensive (loss) income for the year attributable to the owners of the Company:			
– from continuing operations		**(734,002)**	(994,767)
– from discontinued operation		**–**	164
		(734,002)	(994,603)

	2020 HK$'000	2019 HK$'000
Total comprehensive income (loss) attributable to non-controlling interests:		
– from continuing operations	–	21,966
– from discontinued operation	–	(729)
	–	21,237

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**601**	8,025
Right-of-use assets	18	**–**	–
Investment properties	19	**821,000**	999,000
Goodwill	20	**–**	–
Intangible assets	21	**–**	287,948
Other deposits	22	**5,248**	2,309
Deferred tax assets	32	**–**	–
		826,849	1,297,282
CURRENT ASSETS			
Loan receivables	23	**–**	–
Financial assets at fair value through profit or loss	24	**–**	338
Trade and other receivables	25	**8,989**	17,502
Pledged bank deposit	26	**3,964**	4,474
Bank balances and cash – trust accounts	26	**21,838**	25,140
Bank balances and cash – general accounts	26	**15,634**	242,158
		50,425	289,612
CURRENT LIABILITIES			
Trade and other payables	27	**816,791**	790,017
Borrowings – current portion	28	**165,913**	143,407
Senior notes	28	**283,101**	283,101
Tax liabilities		**7**	1,036
Amount due to a related party	29	**15,000**	15,000
Derivative financial liabilities	30	**–**	1,370
Convertible notes – current portion	30	**290,000**	290,000
Lease liabilities – current portion	31	**976**	15,790
		1,571,788	1,539,721
NET CURRENT LIABILITIES		**(1,521,363)**	(1,250,109)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(694,514)**	47,173

	Notes	2020 HK$'000	2019 HK$'000
CAPITAL AND RESERVES			
Share capital	*35*	**51,659**	51,659
Reserves		**(1,427,203)**	(693,201)
Deficit attributable to the owners of Company		**(1,375,544)**	(641,542)
Non-controlling interests		**–**	–
TOTAL DEFICIT		**(1,375,544)**	(641,542)
NON-CURRENT LIABILITIES			
Deferred tax liabilities	*32*	**–**	47,537
Prepayment from customers	*27*	**680,750**	636,661
Lease liabilities – non current portion	*31*	**280**	4,517
		681,030	688,715
TOTAL EQUITY AND NON-CURRENT LIABILITIES		**(694,514)**	47,173

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 48 to 166 were approved and authorised for issue by the board of directors on 31 March 2021 and are signed on its behalf by:

Cheung Kam Fai
Director

Tsui Cheung On
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus reserve HK$'000	Capital redemption reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total (deficit) equity HK$'000
At 1 January 2019	1,033,172	1,881,155	–	52	(29,475)	(2,531,843)	353,061	326,012	679,073
Loss for the year	–	–	–	–	–	(993,035)	(993,035)	23,084	(969,951)
Other comprehensive loss for the year	–	–	–	–	(1,568)	–	(1,568)	(1,847)	(3,415)
Total comprehensive loss for the year	–	–	–	–	(1,568)	(993,035)	(994,603)	21,237	(973,366)
Disposal of subsidiary *(note 34)*	–	–	–	–	–	–	–	(416,006)	(416,006)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	190,562	190,562
Capital redemption from non-controlling interests	–	–	–	–	–	–	–	(111,371)	(111,371)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(10,434)	(10,434)
Capital reduction *(note 35(a))*	(981,513)	–	981,513	–	–	–	–	–	–
At 31 December 2019 and 1 January 2020	51,659	1,881,155	981,513	52	(31,043)	(3,524,878)	(641,542)	–	(641,542)
Loss for the year	–	–	–	–	–	(703,253)	(703,253)	–	(703,253)
Other comprehensive loss for the year	–	–	–	–	(30,749)	–	(30,749)	–	(30,749)
Total comprehensive loss for the year	–	–	–	–	(30,749)	(703,253)	(734,002)	–	(734,002)
At 31 December 2020	51,659	1,881,155	981,513	52	(61,792)	(4,228,131)	(1,375,544)	–	(1,375,544)

	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES		
Loss before tax from continuing operations	**(750,790)**	(1,013,081)
Loss before income tax from discontinued operation	**–**	(565)
Adjustments for:		
Finance costs	**136,307**	98,112
Dividend income	**–**	–
Interest income	**–**	–
Depreciation for property, plant and equipment	**1,713**	4,544
Amortisation of intangible assets	**18,282**	18,357
Gain on disposals of subsidiaries, net	**–**	(1,259)
Gain on disposal of property, plant and equipment	**(100)**	–
Property, plant and equipment written off	**5,878**	150
Loss from changes in fair value of investment properties under development	**235,137**	386,130
Loss (gain) on disposal of financial asset at fair value through profit or loss	**41**	(5)
Fair value change of financial assets at fair value through profit or loss	**–**	7,264
Fair value change on derivative financial liabilities	**(1,370)**	(8,130)
Impairment losses on goodwill	**–**	698
Impairment of intangible assets	**269,666**	325
Gain on extinguishment of convertible notes	**–**	(4,400)
Depreciation for right-of-use assets	**673**	14,207
Impairment of right-of-use assets	**1,241**	17,957
Expected credit losses on financial assets	**–**	302,465
Operating cash flows before movements in working capital	**(83,322)**	(177,231)
Decrease in bank balances and cash – trust account	**3,302**	61,708
Increase in other deposits	**(2,939)**	–
Decrease (increase) in trade and other receivables	**8,748**	(37,242)
Increase in trade and other payables	**29,735**	52,115
Purchase of financial assets at fair value through profit or loss	**–**	(18,940)
Proceeds from disposal of listed securities at fair value through profit or loss	**297**	195
Cash used in operation	**(44,179)**	(119,395)
Tax paid	**(1,029)**	–
Net cash used in operating activities	**(45,208)**	(119,395)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES			
Interest received		–	–
Dividends received		–	–
Additions of investment properties		(5,545)	(56,646)
Purchase of property, plant and equipment		(159)	(327)
Proceeds from disposal of property, plant and equipment		100	86
Net cash outflows arising on disposals of subsidiaries	*34*	–	(20,196)
Decrease in pledged bank balances		763	(1,148)
Net cash used in investing activities		**(4,841)**	(78,231)
FINANCING ACTIVITIES			
New borrowings raised		17,100	74,036
Repayment for convertible notes		–	(10,000)
Payment for extension of 2017 CB1 (as defined in note 30)	*30*	–	(10,000)
Repayments of borrowings		–	(10,209)
Interest paid		(67)	(12,180)
Repayment of lease liabilities		(658)	(13,875)
Capital injection of non-controlling interests		–	190,562
Capital redemption of non-controlling interests		–	(111,371)
Dividends paid to non-controlling interests		–	(10,434)
Proceeds from proposed rights issues		–	192,770
Refund of proceeds from proposed rights issues		(192,770)	–
Net cash (used in) generated from financing activities		**(176,395)**	279,299
Net (decrease) increase in cash and cash equivalents		**(226,444)**	81,673
Cash and cash equivalents at 1 January		**242,158**	159,960
Effect of foreign exchange rate changes		**(80)**	525
Cash and cash equivalents at 31 December represented by bank balances and cash – general accounts		**15,634**	242,158

1. GENERAL

Ping An Securities Group (Holdings) Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in the People's Republic of China ("PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the Company and its subsidiaries (collectively referred to as the "Group") is HK$. The directors of the Company consider that it is more appropriate to present the consolidated financial statements in HK$ as the shares of the Company are listed on the Stock Exchange.

The Company is an investment holding company. The principal activities of the principal subsidiaries are set out in note 41.

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

New and Amendments to HKFRSs that are mandatory effective for the current year

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

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

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

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

Impacts on application of Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 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 cash equivalents, 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.

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

Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7" Interest Rate Benchmark Reform"

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The amendments had no impact on the consolidated financial statements of the Group as the Group's assessment of hedge effectiveness is not affected by the interest rate benchmark reform.

New and amendments to HKFRSs in issue but not yet effective

A number of new standards and amendments to standards and interpretations that are relevant to the Group but not yet effective for the financial year beginning at 1 January 2020 and have not been early adopted by the Group are as follows:

HKFRS 17	*Insurance Contracts and the related Amendments*[1]
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[4]
Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[5]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*[1]
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRSs 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 HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance (Cap. 622).

BASIS OF PREPARATION

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the fact that the Group has incurred losses for number of years and a net loss of HK$703,253,000 during the year ended 31 December 2020 (2019: HK$969,951,000) and as of that date, the Group was in net current liability position of HK$1,521,363,000 (2019: HK$1,250,109,000), and in net liability position of HK$1,375,544,000 (2019: HK$614,542,000).

As at 31 December 2020, the aggregate principal amount of Convertible Notes and Senior Notes issued by the Company of HK$290,000,000 (2019: HK$290,000,000) and HK$283,101,000 (2019: HK$283,101,000), respectively, and aggregate interest payable of HK$178,183,000 (2019: HK$43,135,000) as described in note 27 to the consolidated financial statements, were overdue and the Group was in default in repayment since 2019.

For the year ended 31 December 2019, the Company received two petitions; one was received from a creditor of the immediate holding company of the Company (the "First Petition") and the other one was received from a Senior Note holder ("Second Petition") to apply for the winding up the Company on 18 November 2019 and 21 November 2019 respectively. The High Court granted an order to withdraw the First Petition and Second Petition on 8 January and 22 January 2020 respectively. Up to the date of this report, the Group has not been able to obtain approval from the lenders regarding extension of repayments of these Convertible notes and Senior Notes and the abovementioned outstanding amounts were still not yet settled.

As at 31 December 2020, there were certain other borrowings with the aggregate principal amount of HK$88,183,000 (2019: HK$73,880,000) and interest payable of HK$9,642,000 (2019: HK$2,171,000), amounting to HK$97,825,000 (2019: HK$76,051,000) in aggregate were in default as disclosed in note 28 to the consolidated financial statements. Up to the date of this report, the Group has not been able to obtain approval from the lenders regarding extension of repayment of these borrowings. On 15 July 2020, Ms. Yang Xueli, one of the creditors, filed winding up petition against the Company on the ground that the Company has failed to pay the principal amount of HK$10,000,000 and interest payable of HK$955,000. The adjourned hearing is scheduled to be on 10 May 2021.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF PREPARATION *(continued)*

Moreover, as at 31 December 2020, the Group's investment properties located in The People's Republic of China ("PRC"), as described in note 19 to the consolidated financial statements, were still under development. As at 31 December 2020, the outstanding construction cost payable amounted to HK$182,460,000 (2019: HK$174,411,000) (included in note 27 to the consolidated financial statements) which had been overdue. The development process had been suspended since June 2019 due to the Group's failure to pay the outstanding construction costs to the constructors. The Group had received prepayments from customers when the Group signed agreements of pre-leasing the investment property since 2017, which had been recognised as the Group's liabilities, amounting to HK$683,775,000 as at 31 December 2020 (2019: HK$649,203,000). (see note 27 to the consolidated financial statements) The Group was unable to complete the development project on time and to make the properties available for customers' usage. The management of the relevant PRC subsidiary was aware that, as at 31 December 2020, over 600 tenants had applied to the court to ask for refund for breach of the contracts amounting to HK$163,000,000 and that there was increasing number of legal actions carried out by customers subsequent to the end of the reporting period.

All of the above conditions and those described in note 31 and 39 to the consolidated financial statements indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group has been actively negotiating with the lenders to extend the repayment dates of the overdue borrowings so as to avoid actions by the lenders to demand immediate repayment of borrowings in any breach of loan covenants or default.

(ii) The Company is working on debt restructuring. Up to the current moment, the Company has had preliminary discussion with some major creditors and the response is positive.

(iii) The Group is taking measures to tighten cost controls over various operating costs and expenses with the aim to attain profitable and positive cash flow operation.

(iv) The Group has been actively negotiating with and maintain a good business relationship with the suppliers of the Group in particular those in relation to the Group's property development project such that no actions will be taken by those suppliers against the Group should the Group not be able to meet all the payment obligation on a timely basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF PREPARATION *(continued)*

The directors of the Company have reviewed the Group's cash flow projections. The cash flow projections cover a period of not less than twelve months from 31 December 2020. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) the successful negotiations with the lenders for the renewal of or extensions for repayments of outstanding borrowings, including those with overdue principals and interests;

(ii) the success of debt restructuring;

(iii) the successful negotiation with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayments of the borrowings in any breach of loan covenants or default; and

(iv) the successful maintenance of relationship with the suppliers of the Group, in particular those in relation to the Group's property development projects such that no actions will be taken by those suppliers against the Group should the Group not be able to meet all the payment obligations on a timely basis.

Should the Group fails to achieve the above-mentioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF PREPARATION *(continued)*

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which 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 this financial information is determined on such a basis, except for share-based payments transactions that are within the scope of HKFRS 2, Share-based payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2, Inventories or value in use in HKAS 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.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's interests in 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 relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

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 owners of the Company.

When the Group losses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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 HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on 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 Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS *(continued)*

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12, Income taxes and HKAS 19, Employee benefits respectively;

- liabilities or equity instruments related to shared-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 HKFRS 2, Share-based payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5, Non-current assets held for sale and discontinued operation are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BUSINESS COMBINATIONS *(continued)*

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes 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. 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 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. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being 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 or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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 (see above), 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 recognized at that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Acquisition of a subsidiary not constituting a business

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 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.

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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. 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 on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

Revenue from contracts with customers

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it 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.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Principal versus agent *(continued)*

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

(i) Services fees

Commission and brokerage income from financial services are recognised when transaction is executed and services are rendered (i.e. at a point in time).

Commission income from insurance brokerage is recognised when the customers obtain the control of services and the Group has present right to payment and the collection of the consideration is probable (i.e. at a point in time).

(ii) Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Handling fee income is recognised when the service is completed (i.e. at a point in time).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions), as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

LEASES

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Short-term leases and leases of low-value assets

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

The Group as a lessee (continued)

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.

Refundable rental deposits

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

Lease liabilities (continued)

The lease payments include:

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

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

The Group 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 expected payment under a guaranteed residual value, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

LEASES *(continued)*

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 asset. 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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease 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 under fair value model.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROPERTY, PLANT AND EQUIPMENT

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment 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 (including properties under redevelopment for such purposes).

Investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 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 in profit or loss for the period in which they arise.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

INTANGIBLE ASSETS

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

FOREIGN CURRENCIES

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss for the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

For the purpose 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. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interest as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

GOVERNMENT GRANTS

Government grants are not recognized 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 are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

RETIREMENT BENEFIT COSTS

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

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expenses 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 the 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 rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(continued)*

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

For the purposes of measuring deferred tax for investment properties that are measured using 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 embodies in the investment property over time, rather than through sale.

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

CASH AND CASH EQUIVALENTS

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

PROVISIONS *(continued)*

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting period, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37, Provisions, contingent liabilities and contingent assets and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18, Revenue.

FINANCIAL INSTRUMENTS

Initial recognition under HKAS 39 and HKFRS 9

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees 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 is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Classification and subsequent measurement of financial assets

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

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

- the contractual terms of the financial asset 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 measured subsequently at fair value through other comprehensive income ("FVTOCI"):

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

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

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

A financial asset is held for trading if:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designed 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. All recognised financial assets of the Group that are within the scope of HKFRS 9 (including trade receivables, other receivables, bank balances and cash) are subsequently measured at amortised costs.

Impairment of financial assets

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

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables and contract assets and measures the lifetime ECL for portfolios of trade receivables and contract assets that share similar economic risk characteristics. The ECL on these financial assets are estimated using an analysis of assets by risk level of customers and apply a probability-weighted estimate of the credit losses within the relevant risk type. The probability-weighted estimate of the credit losses is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Impairment of financial assets (continued)

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

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 since initial recognition:

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

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

- 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; and

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Significant increase in credit risk (continued)

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

A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has internal or external credit rating of "investment grade" as per the globally understood definitions.

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

Definition of default

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

- when there is a breach of financial covenants by the debtor; or

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over two years, 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. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Measurement and recognition of ECL (continued)

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

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 party.

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.

Classification as liabilities or equity

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Equity instruments

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

Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not i) contingent consideration of an acquirer in a business combination; ii) held-for-trading; or iii) designated measured as at FVTPL, are subsequently at amortised cost using the 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 periods. 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 amortised cost of a financial liability.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Derecognition of financial liabilities (continued)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated financial statements when the Group 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. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss.

Related parties

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

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

(ii) has significant influence over the Group; or

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

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

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

(iii) The entity and the Group are joint ventures of the same third party.

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

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

4. 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 judgements, 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.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The followings 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.

(i) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at their fair value. The fair value was based on a valuation on these properties conducted by AP Appraisal Limited ("AP Appraisal"), a professional independent valuer not connected to the Group, using property valuation techniques which involve making assumptions on certain market conditions and or by reference to combined result of the different property valuation techniques, if necessary. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the gain or loss recognised in the consolidated statement of profit or loss. As at 31 December 2020, the Group's investment properties are stated at fair value of approximately HK$821,000,000 (2019: approximately HK$999,000,000).

(ii) Impairment of intangible assets

Intangible assets are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to impairment loss. The recoverable amount is the value in use. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the relevant cash generating unit and a suitable discount rate is used in order to calculate the present value. As at 31 December 2019, the carrying amount of the Group's intangible assets was approximately HK$287,948,000 (2020: Nil). Included in the consolidated statement of profit or loss for the year ended 31 December 2020, impairment loss of HK$269,666,000 (2019: $325,000) was incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(iii) Impairment of trade and other receivables and loan receivables

The Group maintains an allowance for estimated loss arising from the inability of its trade and other receivables and loan receivables to make the required payments. The Group makes its estimates based on the history of its client, such as financial difficulties or default payments and current market conditions. If the financial condition of its receivables was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 December 2020, the carrying amount of the Group's trade and other receivables and loan receivables, net of impairment, was approximately HK$8,989,000 (2019: approximately HK$17,502,000) and nil (2019: nil), respectively. For the year ended 31 December 2019, expected credit losses on financial assets amounted to HK$302,465,000 (2020: nil) was recognised.

(iv) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC and Hong Kong. Significant judgement is required in determining the provision for income taxes in these jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when the management of the Company determines it is likely that future taxable profits will be available against the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

(v) Fair value of derivatives and other financial instruments

As described in note 30, the directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. The carrying amounts of the derivative financial liabilities and debt component of convertible notes as at 31 December 2019 were approximately HK$1,370,000 (2020: nil) and HK$290,000,000 (2020: approximately HK$290,000,000) respectively. Details of the assumptions used are disclosed in note 30. The directors of the Company believe that the chosen valuation techniques and assumptions are appropriate in determining the fair value of derivative financial liabilities.

5. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to support its business and maximise shareholders' value.

The capital structure of the Group consists of net debt, which included the borrowings/senior notes, amount due to a related party, convertible notes and derivative financial instrument, pledged bank deposit bank balances and cash, disclosed in notes 28, 29, 30 and 26 respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors of the Company consider the cost of the capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

There is no change in the capital risk management policy adopted by the Company during the years ended 31 December 2020 and 31 December 2019.

Ping An Securities Limited ("Ping An"), a wholly-owned subsidiary of the Group, is registered with Securities and Futures Commission ("SFC") for the business it operates in. Ping An is subject to liquid capital requirements under Securities and Futures (Financial Resources) Rules ("SF (FR)R") adopted by the SFC. Under the SF (FR)R, Ping An must maintain their liquid capital in excess of HK$3 million or 5% of their total adjusted liabilities, whichever is the higher. The required information is filed with SFC on a monthly basis.

6. FINANCIAL INSTRUMENTS

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

	2020 HK$'000	2019 HK$'000
Financial assets		
Fair value through profit or loss		
– Listed securities at fair value	–	78
– Unlisted investment funds at fair value	–	260
	–	338
At amortised cost		
– Loan receivables	–	–
– Trade and other receivables	**8,676**	16,981
– Pledged bank deposit	**3,964**	4,474
– Bank balances and cash – general accounts	**15,634**	242,158
– Bank balances and cash – trust accounts	**21,838**	25,140
	50,112	288,753
	50,112	289,091
Financial liabilities		
Fair value through profit or loss		
– Derivative financial liabilities – embedded conversion option	–	1,370
	–	1,370

6. FINANCIAL INSTRUMENTS *(continued)*

(a) CATEGORIES OF FINANCIAL INSTRUMENTS *(continued)*

	2020 **HK$'000**	2019 HK$'000
Other financial liabilities at amortised cost		
– Trade payables	**22,603**	26,851
– Other payables	**789,278**	748,741
– Borrowings	**165,913**	143,407
– Senior notes	**283,101**	283,101
– Amount due to a related party	**15,000**	15,000
– Convertible notes – debt component	**290,000**	290,000
– Lease liabilities	**1,256**	20,307
	1,567,151	1,527,407
	1,567,151	1,528,777

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include loan receivables, trade and other receivables, financial assets at fair value through profit or loss, financial assets at amortised cost, bank balances and cash, trade payables, other payables, amount due to a related party, borrowings, senior notes, convertible notes, derivative financial liabilities and lease liabilities. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk, liquidity risk and equity price risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk

(i) Foreign currency risk

The functional currency of certain subsidiaries is RMB since part of the revenue of the Group are derived from operations in the PRC. In relation to the fluctuation on RMB against HK$, the Group considers that exchange risk arising from those currencies does not have significant financial impact to the Group. No hedging or other alternatives have been implemented during the year. The Group will consider hedging significant foreign currency exposure should the need arise. Other than the above, the Group did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

As at 31 December 2020, the Group did not have significant monetary assets and monetary liabilities which were denominated in currencies other than the functional currency of the relevant group companies.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate borrowings/ senior notes (see note 28), fixed rate loan receivables (see note 23), and cash flow interest rate risk in relation to variable-rate bank balances (see notes 26). The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The directors of the Company consider the Group's exposure of the short-term bank deposits and bank balances, to interest rate risk is not significant as interest bearing bank balances are within short maturity periods.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk (continued)

(ii) Interest rate risk *(continued)*

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

	2020 **HK$'000**
Interest revenue	
Financial assets at amortised cost	–
Other income	
Financial assets at amortised cost	**104**
Total interest income	**104**

	2019 HK$'000
Interest revenue	
Financial assets at amortised cost	30,748
Other income	
Financial assets at amortised cost	450
Total interest income	31,198

Interest expense on financial liabilities not measured at fair value through profit or loss:

	2020 **HK$'000**	2019 HK$'000
Financial liabilities at amortised cost	**136,307**	98,112

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate sensitivity

The sensitivity analysis below is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 25 basis points (2019: 25 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.

As at 31 December 2020 and 2019, the Group has no significant variable-rate bank deposits and borrowing as at the end of reporting period.

Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the directors of the Company have delegated its finance team to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The finance team uses publicly available financial information and the Group's own historical repayment records to rate its major customers and debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. In addition, the Group performs impairment assessment under ECL model upon application HKFRS 9 on trade balances individually or provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain degree of concentration of credit risk as 72% (2019: 69%) and 98% (2019: 84%) of the total trade receivables were due from the Group's largest customer and the five largest customers, respectively. However, the directors of the Company consider the credit risk is under control since the management exercise due care in granting credit and check the financial background of these customers on a regular basis.

The credit risk on loan receivable is managed through regular analysis of the ability of borrowers to meet interest and principal repayment obligations. The Group reviews the recoverable amount of loan receivable at the end of the reporting period. The directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 December 2020 and 2019, the Group assessed the ECL for other receivables and deposits and impairment, and amounts are set out in note 25(b).

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's concentration of credit risk by geographical locations is in Hong Kong and the PRC, which accounted for all of the Group's trade receivables as at 31 December 2020 and 2019.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other Items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12 month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2020	*Note*	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount**
					HK$'000
Financial assets at amortised costs					
Loan receivables	*23*	N/A	Loss	Life time ECL	273,598
Pledged bank deposits	*26*	AA	N/A	12-month ECL	3,964
Bank balances – general accounts	*26*	AA	N/A	12-month ECL	15,482
Bank balances – trust accounts	*26*	AA	N/A	12-month ECL	21,838
Other receivables	*25*	N/A	Note 1	12-month ECL	12,161
Interest receivables	*25*	N/A	Loss	Life time ECL	41,151
Trade receivables	*25*	N/A	Low risk	Life time ECL	2,832

2019	*Note*	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount
					HK$'000
Financial assets at amortised costs					
Loan receivables	*23*	N/A	Loss	Life time ECL	273,598
Pledged bank deposits	*26*	AA	N/A	12-month ECL	4,474
Bank balances – general accounts	*26*	AA	N/A	12-month ECL	241,980
Bank balances – trust accounts	*26*	AA	N/A	12-month ECL	25,140
Other receivables	*25*	N/A	Note 1	12-month ECL	20,065
Interest receivables	*25*	N/A	Loss	Life time ECL	41,151
Trade receivables	*25*	N/A	Low risk	Life time ECL	2,917

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk (continued)

Note:

1. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2020	**Past due HK$'000**	**Not past due/No fixed repayment terms HK$'000**	**Total HK$'000**
Other receivables	**–**	**11,863**	**11,863**

2019	Past due HK$'000	Not past due/No fixed repayment terms HK$'000	Total HK$'000
Other receivables	–	20,065	20,065

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience, financial information and adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or methodology made during the year.

After considering the above factors, the management assess that the other receivables have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Group considers the 12-month ECL of other receivables to be insignificant, so no loss allowance was recognised during the year.

Liquidity risk

In the management of the liquidity risk, the Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and long term.

The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, certain borrowings were considered "default" as at 31 December 2020 and 2019 and were include in the earliest time band regardless of the probability of the lenders choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk (continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

As at 31 December 2020

	Weighted average interest rate	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
AMORTISED COST						
Trade payables	–	22,603	–	–	22,603	22,603
Other payables	–	789,278	–	–	789,278	789,278
Amount due to a related party	–	15,000	–	–	15,000	15,000
Convertible notes						
(debt component)	13.41%	290,000	–	–	290,000	290,000
Borrowings	12.43%	165,913	–	–	165,913	165,913
Senior notes	24%	283,101	–	–	283,101	283,101
Lease liabilities	5.5%	1,020	283	–	1,303	1,256
		1,566,915	283	–	1,567,198	1,567,151

As at 31 December 2019

	Weighted average interest rate	Within 1 year HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
AMORTISED COST						
Trade payables	–	26,851	–	–	26,851	26,851
Other payables	–	748,741	–	–	748,741	748,741
Amount due to a related party	–	15,000	–	–	15,000	15,000
Convertible notes						
(debt component)	3.59%	290,000	–	–	290,000	290,000
Borrowings	11.86%	143,407	–	–	143,407	143,407
Senior notes	7.51%	283,101	–	–	283,101	283,101
Lease liabilities	13%	17,511	4,620	–	22,131	20,307
		1,524,611	4,620	–	1,529,231	1,527,407

6. FINANCIAL INSTRUMENTS *(continued)*

(b) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk (continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial asset at fair value through profit or loss (note 24) and derivative financial liabilities (note 30). The directors of the Company consider that the equity price risk is low because the exposure is limited.

Equity price risk sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date. For sensitivity analysis purpose, the sensitivity rate is 10% in current year as a result of the volatile financial market. If the prices of the respective equity underlying the instruments had been 10% (2019: 10%) higher/lower, post-tax loss for the year ended 31 December 2020 would decrease/increase by nil (2019: decrease/increase by approximately HK$288,000) as a result of the changes in fair value of financial assets at FVTPL and derivative financial liabilities.

6. FINANCIAL INSTRUMENTS *(continued)*

(c) FAIR VALUE

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following table gives information about how the fair values of the Group's financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

	Fair values as at 31 December 2020 HK$'000	2019 HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
Listed equity securities classified as financial assets at fair value through profit or loss	Nil	Assets – HK$78	Level 1	Quoted bid prices in an active market	N/A
Derivative financial instruments	Nil	Liabilities – HK$1,370	Level 3	Binomial option pricing model Key inputs are share price, exercise price, option life, risk free rate, volatility and dividend yield	The estimation of risk free rate has been made with reference to the yields to maturity of respective Hong Kong Exchange Fund Notes as at the valuation date Volatility is the annualised standard deviation of the continuously compounded rates of return on the daily adjusted share price of the Company
Unlisted investment fund	Nil	Assets – HK$260	Level 1	Quoted bid prices in an active market	N/A

6. FINANCIAL INSTRUMENTS *(continued)*

(c) FAIR VALUE *(continued)*

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

There were no transfers between all levels in both years.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

	As at 31 December 2020		As at 31 December 2019	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Convertible notes – debt component	**290,000**	**290,000**	290,000	265,631

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Derivative financial liabilities – embedded conversion option of convertible notes HK$'000	**Total** HK$'000
At 1 January 2019	1,400	1,400
Issue of convertible note	8,100	8,100
Arising on changes in fair value	(8,130)	(8,130)
At 31 December 2019 and 1 January 2020	1,370	1,370
Arising on changes in fair value	(1,370)	(1,370)
At 31 December 2020	–	–

6. FINANCIAL INSTRUMENTS *(continued)*

(c) FAIR VALUE *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets and liabilities (continued)

Included in profit or loss for the year were, nil and HK$1,370,000 (gain) related to financial assets and derivative financial liabilities respectively (2019: approximately HK$4,556,000 (gain) and HK$8,130,000 (gain), respectively).

The significant unobservable input used in the level 3 fair value measurements is the expected volatility of the shares, which range from 136.15% to 166.03% (2019: 136.15% to 166.03%). The fair value measurement is positively correlated to the expected volatility. As at 31 December 2020, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have increase/decrease the group's loss by approximately HK$419,000 (2019: approximately HK$419,000).

7. SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performances.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Financial services	Securities dealing and financial services
Insurance brokerage	Provision of insurance referral services
Loan financing	Provision of financing services
Property development	Development of primarily hotel and commercial properties

7. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUES AND RESULTS

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

For the year ended 31 December 2020

	Financial services HK$'000	Insurance brokerage HK$'000	Loan financing HK$'000	Property development HK$'000	Total HK$'000
Revenue	343	1,271	–	–	1,614
Segment loss	(295,884)	(108)	(21)	(282,008)	(578,021)
Unallocated corporate expenses					(40,641)
Unallocated other income					4,179
Finance costs					(136,307)
Loss before tax from continuing operations					(750,790)

For the year ended 31 December 2019

	Financial services HK$'000	Insurance brokerage HK$'000	Loan financing HK$'000	Property development HK$'000	Total HK$'000
Revenue	11,982	4,058	24,456	–	40,496
Segment loss	(29,217)	(813)	(273,099)	(484,554)	(787,683)
Unallocated corporate expenses					(135,591)
Unallocated other income					8,305
Finance costs					(98,112)
Loss before tax from continuing operations					(1,013,081)

7. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUES AND RESULTS *(continued)*

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the years ended 31 December 2020 and 31 December 2019.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit or loss represents the profit or loss from each segment without allocation of central administration costs, directors' emoluments, interest income, finance costs, fair value change on financial assets at fair value through profit or loss and fair value change on derivative financial liabilities. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Disaggregation of revenue

Types of goods or service	2020 HK$'000	2019 HK$'000
Continuing operations		
Financial services segment		
Commission and brokerage income	**343**	2,855
Interest income from cash and margin clients	–	42
Placing and underwriting commission	–	1,994
Asset management fee income	–	341
Corporate financial advisory service income	–	500
Interest income from investment	–	6,250
	343	11,982
Loan financing segment		
Interest income from loans receivables	–	24,456
Insurance brokerage segment		
Commission from insurance brokerage	**1,241**	1,128
Commission from client referral	**30**	2,930
	1,271	4,058
Total	**1,614**	40,496

7. SEGMENT INFORMATION *(continued)*

SEGMENT ASSETS AND LIABILITIES

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

	2020	2019
	HK$'000	HK$'000
Segment assets		
Continuing operations		
Loan financing	**–**	18
Financial services	**29,901**	316,856
Property development	**825,148**	1,004,136
Insurance brokerage	**26**	79
Total segment assets	**855,075**	1,321,089
Unallocated corporate assets	**22,199**	265,805
Total consolidated assets for continuing operations	**877,274**	1,586,894
Discontinued operation		
Data verification service	**–**	–
Total consolidated assets	**877,274**	1,586,894
Segment liabilities		
Continuing operations		
Loan financing	**16**	25
Financial services	**70,537**	74,523
Property development	**1,246,154**	1,122,355
Insurance brokerage	**1,245**	1,271
Total segment liabilities	**1,317,952**	1,198,174
Unallocated corporate liabilities	**934,866**	1,030,262
Total consolidated liabilities for continuing operations	**2,252,818**	2,228,436
Discontinued operation		
Data verification service	**–**	–
Total consolidated liabilities	**2,252,818**	2,228,436

7. SEGMENT INFORMATION *(continued)*

SEGMENT ASSETS AND LIABILITIES *(continued)*

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

– All assets are allocated to operating segment assets other than certain other receivables, property, plant and equipment of head office and bank balances and cash.

– All liabilities are allocated to operating segment liabilities other than certain other payables, borrowings, senior notes, tax liabilities, deferred tax liabilities, amount due to a related party, lease liabilities, derivative financial liabilities and convertible notes.

OTHER SEGMENT INFORMATION

For the year ended 31 December 2020
Continuing operations

	Loan financing HK$'000	Insurance brokerage HK$'000	Financial services HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions of property, plant and equipment and investment properties	–	–	14	5,545	145	5,704
Depreciation of property, plant and equipment	–	–	144	168	1,401	1,713
Depreciation for right-of-use assets	–	–	673	–	–	673
Loss from changes in fair value of investment properties under development	–	–	–	235,137	–	235,137
Amortisation of intangible assets	–	–	18,282	–	–	18,282
Impairment loss on intangible asset	–	–	269,666	–	–	269,666
Impairment loss on right-of-use asset	–	–	1,241	–	–	1,241
Gain on disposal of property, plant and equipment	–	–	–	–	(100)	(100)
Property, plant and equipment written off	18	–	88	319	5,453	5,878

7. SEGMENT INFORMATION *(continued)*

OTHER SEGMENT INFORMATION *(continued)*

	Loan financing HK$'000	Insurance brokerage HK$'000	Financial services HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	(55)	(41)	(8)	(104)
Dividend income	–	–	–	–	–	–
Fair value change on derivative financial liabilities	–	–	–	–	(1,370)	(1,370)
Fair value change on financial assets at fair value through profit or loss	–	–	41	–	–	41
Interest expenses	–	–	67	11,990	124,250	136,307
Income tax credit	–	–	(47,537)	–	–	(47,537)

7. SEGMENT INFORMATION *(continued)*

OTHER SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2019
Continuing operations

	Loan financing HK$'000	Insurance brokerage HK$'000	Financial services HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions of property, plant and equipment and investment properties	–	–	–	56,646	327	56,973
Depreciation of property, plant and equipment	13	–	401	176	3,954	4,544
Depreciation for right-of-use assets	–	–	–	–	14,207	14,207
Loss from charges in fair value of investment properties under development	–	–	–	386,130	–	386,130
Amortisation of intangible assets	75	–	18,282	–	–	18,357
Impairment loss on intangible asset	325	–	–	–	–	325
Impairment loss on right-of-use assets	–	–	–	–	17,957	17,957
Impairment on goodwill	–	519	–	–	179	698
Loss on disposal of Property, plant and equipment	–	–	47	–	103	150
Fair value change on financial assets at fair value through profit or loss	–	–	(4,551)	–	–	(4,551)
Expected credit losses on financial assets	296,464	–	–	–	6,001	302,465

7. SEGMENT INFORMATION *(continued)*

OTHER SEGMENT INFORMATION *(continued)*

	Loan financing HK$'000	Insurance brokerage HK$'000	Financial services HK$'000	Property development HK$'000	Unallocated HK$'000	Total HK$'000
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interest income	–	–	(358)	(61)	(31)	(450)
Dividend income	–	–	(3)	–	–	(3)
Fair value change on derivative financial liabilities	–	–	–	–	(8,130)	(8,130)
Fair value change on financial assets at fair value through profit or loss	–	–	(5)	–	–	(5)
Interest expenses	–	–	–	9,579	88,533	98,112
Income tax (credit) expenses	–	–	2,298	(42,977)	(3,016)	(43,695)

GEOGRAPHICAL INFORMATION

The Group operates in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong (place of domicile).

Information about the Group's revenue from external customers and information about its specified non-current assets which exclude financial instruments are presented based on the geographical location.

The geographic location of customers is based on the location of the operations of the Group. The geographic location of the specified non-current assets is based on the physical location of the assets and the location of the operation to which they are allocated.

	Revenue from external customers		**Specified non-current assets**	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
PRC	**–**	–	**821,184**	999,662
Hong Kong	**1,614**	40,496	**5,665**	297,620
	1,614	40,496	**826,849**	1,297,282

7. SEGMENT INFORMATION *(continued)*

INFORMATION ABOUT MAJOR CUSTOMERS

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

	Reportable and operating segment	2020 HK$'000	2019 HK$'000
Customer A	Commission from insurance brokerage	**348**	–
Customer B	Commission from insurance brokerage	**249**	–
Customer C	Interest income from loans receivables *(Note 1)*	–	12,851
Customer D	Interest income from investment *(Note 1)*	–	6,250
Customer E	Interest income from loans receivables *(Note 1)*	–	4,083

Note 1: The corresponding amount is nil for the year ended 31 December 2020.

8. REVENUE AND OTHER INCOME

The Group's revenue of continuing operations from interest income from loan, interest income from investment, interest income from cash and margin clients, corporate finance advisory services, asset management, placing and underwriting income, insurance brokerage, commission from client referral service income and commission and brokerage income for the year is as follows:

	2020 HK$'000	2019 HK$'000
Revenue		
Continuing operations		
Revenue from customers within the scope of HKFRS 15		
Commission and brokerage income	**343**	2,855
Placing and underwriting commission	**–**	1,994
Corporate financial advisory service income	**–**	500
Asset management fee income	**–**	341
Commission from insurance brokerage	**1,241**	1,128
Commission from client referral	**30**	2,930
	1,614	9,748
Revenue from other sources		
Interest income from loan receivables	**–**	24,456
Interest income from investment	**–**	6,250
Interest income from cash and margin clients	**–**	42
	1,614	40,496
Timing of revenue recognition		
At a point in time	**1,614**	9,407
Over time	**–**	341
	1,614	9,748
Other income		
Interest income	**104**	450
Sundry income	**2,655**	611
Dividend income	**–**	3
Handling fee	**1,721**	–
Government grants	**314**	–
	4,794	1,064

8. REVENUE AND OTHER INCOME *(continued)*

During the current year, government grants mainly represented grants in respect of Covid-19-related subsidies, of which HK$186,000 relates to Employment Support Scheme provided by the Hong Kong government, and HK$50,000 relates to Anti-epidemic Fund for the securities industry provided by Hong Kong government.

9. FINANCE COSTS

	2020	2019
	HK$'000	HK$'000
Interests on:		
– Other borrowings	**18,784**	16,981
– Convertible notes	**31,217**	66,476
– Senior notes	**84,415**	11,019
– Lease liabilities	**1,891**	3,636
	136,307	98,112

10. EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS

		2020	2019
	Notes	**HK$'000**	HK$'000
Impairment losses recognized on:			
– Loan receivables	*23*	–	256,365
– Interest receivables	*25*	–	40,099
– Financial assets at amortised cost	*25*	–	6,001
		–	302,465

11. INCOME TAX CREDIT

	2020	2019
	HK$'000	HK$'000
Current tax		
– Hong Kong Profits Tax	–	2,242
Deferred tax		
– Credited for the year *(Note 32)*	**(47,537)**	(45,937)
Income tax credit	**(47,537)**	(43,695)

11. INCOME TAX CREDIT *(continued)*

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

Accordingly, starting from the year ended 31 December 2019, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

The tax credit for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2020 **HK$'000**	2019 HK$'000
Loss before tax (Continuing operations)	**(750,790)**	(1,013,081)
Tax calculated at a tax rate of 16.5%	**(123,880)**	(167,158)
Effect of different applicable tax rate for operations in Mainland China	**(25,318)**	(44,979)
Tax effect of deductible temporary differences not recognised	**111**	29,796
Utilisation of deductible temporary differences previously not recognised	**(424)**	–
Tax effect of expenses not deductible for tax purpose	**98,362**	121,517
Tax effect of income not taxable for tax purpose	**(583)**	(1,388)
Tax effect of tax losses not recognised	**4,195**	18,517
Income tax credit for the year	**(47,537)**	(43,695)

At the end of the reporting period, the Group has unused tax losses of approximately HK$177,844,000 (2019: approximately HK$153,469,000), of which tax loss arising in the PRC is approximately HK$3,440,000 (2019: approximately HK$726,000), available for offsetting against future profits. Tax loss of HK$1,827,000 was disposed of upon disposal of subsidiary during the year ended 31 December 2019. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profits streams.

11. INCOME TAX CREDIT *(continued)*

As at 31 December 2020, the Group's remaining unrecognised PRC tax losses will expire in the following years:

	2020	2019
	HK$'000	HK$'000
2020	**–**	–
2021	**–**	–
2022	**92**	87
2023	**679**	635
2024	**5**	4
2025	**2,664**	–
	3,440	726

Other losses may be carried forward indefinitely.

12. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations has been arrived at after charging:

	2020 HK$'000	2019 HK$'000
Staff costs:		
– Directors' emoluments *(note 13) (note a)*	**3,161**	7,968
– Other staff costs:		
– Salaries and other benefits	**11,728**	44,382
– Retirement benefit scheme contributions	**274**	1,523
Total staff costs	**15,163**	53,873
Amortisation of intangible assets	**18,282**	18,357
Depreciation for property, plant and equipment	**1,713**	4,544
Depreciation for right-of-use assets	**673**	14,207
Total depreciation and amortisation	**20,668**	37,108
Commission expenses paid for agents for pre-leasing	**–**	9,405
Compensation paid to tenants	**26,546**	40,554
Auditor's remuneration		
– audit services	**1,100**	1,500
– other services	**365**	1,157
Legal and professional fees	**6,889**	14,871
Consultancy fee	**37**	11,384
Information and system cost	**2,241**	13,643
Advertising expenses	**358**	5,105
Penalty from legal cases	**13,490**	–
Value added tax and surtaxes expenses *(note 19)*	**–**	22,645
Property tax and penalty *(note 19)*	**17,601**	22,733
Impairment of right-of-use assets	**1,241**	17,957

Note a: During the year ended 31 December 2019, among HK$7,968,000 (2020: HK$3,161,000) being directors' emoluments, HK$849,000 was paid by a subsidiary which is recognised in discontinued operation (2020: nil).

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

DIRECTORS' EMOLUMENTS

The emolument paid or payable to each of the 13 (2019: 13) directors of the Company were as follows:

For the year ended 31 December 2020

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Cheung Kam Fai *(note (a))*	–	1,000	–	18	1,018
Gong Qingli *(note (b))*	–	378	–	3	376
Lin Hongqiao *(note (c))*	–	1,070	–	–	1,070
Wang Zihao *(note (d))*	–	–	–	–	–
	–	2,443	–	21	2,464

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Non-executive directors					
Tsui Cheung On *(note (e))*	–	–	–	–	–
Cheung Ming Ming *(note (f))*	–	–	–	–	–
Lee Chun Pong *(note (g))*	–	–	–	–	–
Luo Xia *(note (h))*	–	–	–	–	–
	–	–	–	–	–

The non-executive director's emoluments shown above was for their services as directors of the Company or its subsidiaries.

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors					
Wong Yee Shun, Wilson *(note (i))*	207	–	–	–	207
Suen To Wai *(note (j))*	207	–	–	–	207
Yau Wai Lung *(note (k))*	133	–	–	–	133
Dr. Leung Wing Cheung, William *(note (l))*	70	–	–	–	70
Tsang Wah Kwong *(note (m))*	80	–	–	–	80
	697	–	–	–	697
	697	2,443	–	21	3,161

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(continued)*

DIRECTORS' EMOLUMENTS *(continued)*

For the year ended 31 December 2019

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive directors					
Cheung Kam Fai *(note (a))*	–	484	–	8	492
Gong Qingli *(note (b))*	–	2,357	–	18	2,375
Lin Hongqiao *(note (c))*	–	2,697	–	–	2,697
Wang Zihao *(note (d))*	–	–	–	–	–
Cheung Ming Ming *(note (f))*	–	–	–	–	–
Tsui Cheung On *(note (e))*	–	–	–	–	–
Teng Wei (Chairman) *(note (n))*	–	585	–	6	591
	–	6,123	–	32	6,155

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Non-executive directors					
Lee Chun Pong *(note (g))*	–	–	–	–	–
Luo Xia *(note (h))*	–	–	–	–	–
Tao Yanyan *(note (o))*	426	–	–	–	426
	426	–	–	–	426

The non-executive director's emoluments shown above was for their services as directors of the Company or its subsidiaries.

	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary and performance related incentive payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Independent non-executive directors					
Tsang Wah Kwong *(note (m))*	480	–	–	–	480
Dr. Leung Wing Cheung, William *(note (e))*	480	–	–	–	480
Yang Tao *(note (p))*	427	–	–	–	427
	1,387	–	–	–	1,387
	1,813	6,123	–	32	7,968

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

13. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION *(continued)*

DIRECTORS' EMOLUMENTS *(continued)*

Notes:

(a) Mr. Cheung Kam Fai was an executive director of the Company from 23 January 2016 to 6 June 2019; and has been re-appointed as an executive director since 27 November 2019.

(b) Mr. Gong Qingli was an executive director of the Company from 1 December 2017 to 20 February 2020.

(c) Mr. Lin Hongqiao was an executive director of the Company from 8 September 2017 to 16 July 2020.

(d) Mr. Wang Zihao was an executive director of the Company from 29 November 2019 to 28 February 2020.

(e) Mr. Tsui Cheung On was a non-executive director of the Company from 29 November 2019 and re-designated from non-executive director to executive director of the Company from 10 December 2019 and re-designated from executive director to non-executive director of the Company from 28 February 2020.

(f) Mr. Cheung Ming Ming was an executive director from 29 November 2019 and re-designated from executive director to non-executive director from 28 February 2020.

(g) Mr. Lee Chun Pong was a non-executive director of the Company from 29 November 2019 to 28 February 2020.

(h) Ms. Luo Xia was a non-executive director of the Company from 29 November 2019 to 28 February 2020.

(i) Mr. Wong Yee Shuen, Wilson was an independent non-executive director of the Company from 20 February 2020.

(j) Mr. Suen To Wai was an independent non-executive director of the Company from 20 February 2020.

(k) Mr. Yau Wai Lung was an independent non-executive director of the Company from 11 June 2020.

(l) Dr. Leung Wing Cheung, William was an independent non-executive director of the Company from 1 December 2017 to 28 February 2020.

(m) Mr. Tsang Wah Kwong was an independent non-executive director of the Company from 16 February 2016 to 11 March 2020.

(n) Mr. Teng Wai was an executive director of the Company from 28 March 2018 to 15 April 2019.

(o) Ms. Tao Yanyan was a non-executive director of the Company from 1 December 2017 to 15 July 2019.

(p) Dr. Yang Tao was an independent non-executive director of the Company from 26 February 2018 to 21 November 2019.

All the fees, salaries and other benefits and retirement benefit scheme contributions were paid or payable by the Company.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group during the year ended 31 December 2020 (2019: nil). No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group during the year ended 31 December 2020 (2019: nil) and no compensation for loss of office were paid for the year ended 31 December 2020 (2019: nil).

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, 2 (2019: 2) were directors of the Company whose emoluments are included in the disclosure in note 13 above. The emoluments of the remaining 3 (2019: 3) individuals are as follows:

	2020	2019
	HK\$'000	HK\$'000
Salaries, allowance and other benefits	**3,161**	4,090
Retirement benefit scheme contributions	**44**	51
	3,205	4,141

Their emoluments were within the following band:

	Number of individuals	
	2020	2019
Nil to HK\$1,000,000	**1**	–
HK\$1,000,001 to HK\$1,500,000	**2**	3
	3	3

During the year ended 31 December 2020, no emoluments have been paid by the Group to the five highest paid individuals (including directors of the Company and employees) as an inducement to join or upon joining the Group, or as compensation of loss of office (2019: nil).

15. DIVIDENDS

No dividend was paid, declared or proposed during 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

16. LOSS PER SHARE

(a) BASIC LOSS PER SHARE

For continuing operations

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

	2020 HK$'000	2019 HK$'000
Loss for the year attributable to the owners of the Company	(703,253)	(993,035)
Less: Profit for the year attributable to the owners of the Company from discontinued operation	–	164
Loss for the purpose of basic and diluted loss per share from continuing operations	(703,253)	(993,199)

	2020 '000	2019 '000
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the year	5,165,863	5,165,863

(b) DILUTED LOSS PER SHARE

The diluted loss per share for the years ended 31 December 2020 and 31 December 2019 is equivalent to the basic loss per share for both years as the potential shares arising from the conversion of the convertible notes would decrease the loss per share of the Group for both years, and this is regarded as anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 January 2019	11,753	4,199	1,836	17,788
Exchange adjustments	(10)	(15)	(13)	(38)
Disposal	(829)	(229)	–	(1,058)
Additions	148	179	–	327
At 31 December 2019 and 1 January 2020	11,062	4,134	1,823	17,019
Exchange adjustments	(4)	31	27	54
Disposal	–	–	(1,434)	(1,434)
Written off *(note 31)*	(11,058)	(2,757)	–	(13,815)
Additions	–	159	–	159
At 31 December 2020	–	1,567	416	1,983
DEPRECIATION AND IMPAIRMENT				
At 1 January 2019	2,362	1,421	1,501	5,284
Exchange adjustments	–	(8)	(4)	(12)
Charge for the year	3,717	676	151	4,544
Disposal	(782)	(40)	–	(822)
At 31 December 2019 and 1 January 2020	5,297	2,049	1,648	8,994
Exchange adjustments	–	26	20	46
Charge for the year	1,175	454	84	1,713
Disposal	–	–	(1,434)	(1,434)
Written off	(6,472)	(1,465)	–	(7,937)
At 31 December 2020	–	1,064	318	1,382
CARRYING VALUES				
At 31 December 2020	–	503	98	601
At 31 December 2019	5,765	2,085	175	8,025

17. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

–	Leasehold improvements	Over shorter of the lease terms or 3 years
–	Furniture and equipment	3-10 years
–	Motor vehicles	5-10 years

18. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 31 December 2019 and 1 January 2020	
Carrying amount	–
As at 31 December 2020	
Carrying amount	–
For the year ended 31 December 2020	
Depreciation charge	673
For the year ended 31 December 2019	
Depreciation charge	14,207

	2020 **HK$'000**	2019 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	**24**	2,890
Total cash outflow for leases	**749**	16,795

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 3 years. In determining the lease term and assessing the length of the noncancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. RIGHT-OF-USE ASSETS *(continued)*

The consolidated statement of financial position shows the following amounts relating to leases:

	2020 **HK$'000**	2019 HK$'000
Opening net book amount as at 1 January	**–**	–
Restated opening net book amount under HKFRS 16 as at 1 January 2019	**–**	32,164
New lease entered	**1,914**	–
Depreciation charge	**(673)**	(14,207)
Impairment loss	**(1,241)**	(17,957)
Closing net book amount as at 31 December	**–**	–

The Group has entered into lease arrangement with landlord for its existing office premise on 15 April 2020, and the lease term is 24 months (2019: 36 months).

In 2019, since this right-of-use asset represents Hong Kong office, the management classified it as one of the corporate assets. In view that the Group is making loss, the director of the Company considered the right-of-use no longer generate benefit to the Group and the value decreased to nil. In current year, the management classified the newly rent office as one of the assets under financial services segment. In view that the segment is making loss, the director of the Company considered the right-of-use assets no longer generate benefit to the segment and the value decreased to nil.

19. INVESTMENT PROPERTIES

	Investment properties under development in the PRC HK$'000
FAIR VALUE	
As at 1 January 2019	1,366,000
Additions	56,646
Exchange adjustments	(37,516)
Decrease in fair value recognised in profit or loss	(386,130)
As at 31 December 2019 and 1 January 2020	999,000
Additions	5,545
Exchange adjustments	51,592
Decrease in fair value recognised in profit or loss	(235,137)
As at 31 December 2020	821,000

The Group's investment properties as at 31 December 2020 and 2019 were situated in the PRC. As at 31 December 2020, the investment properties held by the Group were located at Foshan City (the "Xiqiao Properties"). The Xiqiao Properties was classified as investment properties under development in the PRC as at 31 December 2020 and 2019.

The investment properties under developments comprised properties being developed on a piece of land located in Xiqiao Town, Foshan City, Guangdong Province (the "Properties") which was acquired through the acquisition of a subsidiary on 28 August 2015. The fair value for the Properties as at 31 December 2020 and 2019 had been arrived at on the basis of a valuation carried out by AP Appraisal, a professional independent valuer not connected to the Group. As the Properties were under development, the residual method was adopted by making reference to recent comparable sales transactions as available in the relevant property market (i.e. direct comparison approach) and taking into account the construction costs to reflect the quality of the completed development and developers' margin. Since the development has been suspended since 2019, fair value determined by professional independent valuer as at 31 December 2020 and 2019 is a wide range.

All of the Group's property interests held to earn rentals or capital appreciation are measured using the fair value model and are classified and accounted for as investment properties. The Group started signing agreements of pre-leasing the Properties in 2017 (details as described below) and approximately 35% of total area of the Properties was contracted out as at 31 December 2020 (2019: 35%).

19. INVESTMENT PROPERTIES *(continued)*

The pre-lease agreements are of lease term over 30 years and as an initial stage promotion policy, lessees have been granted the right to put their pre-leased units back to the Group at the initial contract price at the 10th anniversary (the "10-year right"). As at 31 December 2020, approximately 32% (2019: 32%) of the total area of the properties was contracted out with the 10-year right. The total carrying amount of investment properties which have pre-leasing agreements with the 10-year right amounted to approximately RMB220,422,000 (equivalent to approximately HK$262,720,000).

According to regulations from PRC tax authority, the Group is liable to value added tax, property tax and surtaxes upon receipt of the prepayment from tenants. The management considered such tax payments may not be recoverable under the 10-year right and therefore, the respective tax paid/payable were expensed (see note 12). As a result of delay reporting of value added tax, property tax and surtaxes for prepayment received from tenants of the Properties, the Group provided late penalty based on 50% of taxes payable as at 31 December 2020 (2019: 50%) (see note 27).

During the year, certain area of the Properties was pledged for other borrowings from independent third parties. Details disclosed in note 28(a).

Fair value measurement of the Group's investment properties

Independent valuations were performed by the valuer, AP Appraisal, a professional independent valuer not connected to the Group, to determine the fair values of investment properties held by Group as at 31 December 2020 (2019: AP Appraisal). Since the construction of the investment properties under development had been suspended since June 2019. The independent valuer could only determine a range of fair value of the investment properties from RMB342,000,000 (equivalent to approximately HK$408,000,000) to RMB689,000,000 (equivalent to approximately HK$821,000,000) (2019: from RMB656,000,000 (equivalent to approximately HK$731,000,000) to RMB896,000,000 (equivalent to approximately HK$999,000,000)). The directors of the Company adopted the high end's fair value to determine as fair value as at 31 December 2020 and 2019. The gains or losses from changes in fair values of the investment properties are included in the profit or loss.

19. INVESTMENT PROPERTIES *(continued)*

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

The following table gives information about how the fair values of the Group's investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range of unobservable input(s)	Relationship of unobservable inputs to fair value
At 31 December 2020 Xiqiao Properties HK$821,000,000	Level 3	Residue method	Adjusted market price (RMB/Sq.m)	RMB5,806-RMB10,692	The higher the market price, the higher the fair value
			Budgeted construction cost to be incurred (RMB/Sq.m)	RMB6,063	The higher the budgeted construction cost to be incurred, the lower the fair value
			Anticipated developer's profit margin	15%	The higher the anticipated developer's profit margin, the lower the fair value

19. INVESTMENT PROPERTIES *(continued)*

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

Carrying value of investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Range of unobservable input(s)	Relationship of unobservable inputs to fair value
As at 31 December 2019 Xiqiao Properties HK$999,000,000	Level 3	Residue method	Adjusted market price (RMB/Sq.m)	RMB6,555 - RMB12,070	The higher the market price, the higher the fair value
			Budgeted construction cost to be incurred (RMB/Sq.m)	RMB6,063	The higher the budgeted construction cost to be incurred, the lower the fair value
			Anticipated developer's profit margin	15%	The higher the anticipated developer's profit margin, the lower the fair value

The Group's policy is to recognise transfers between levels of fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

20. GOODWILL

	2020 HK$'000	2019 HK$'000
COST		
As at 1 January	**726,563**	726,566
Exchange adjustment on 聯潤	**–**	(3)
As at 31 December	**726,563**	726,563
IMPAIRMENT		
As at 1 January	**(726,563)**	(725,865)
Impairment	**–**	(698)
As at 31 December	**(726,563)**	(726,563)
CARRYING VALUES		
As at 31 December	**–**	–

21. INTANGIBLE ASSETS

	Trademark HK$'000	License HK$'000	Total HK$'000
COST			
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	360,646	5,500	366,146
IMPAIRMENT			
At 1 January 2019	–	–	–
Additions	–	325	325
At 31 December 2019 and 1 January 2020	–	325	325
Additions	265,978	3,688	269,666
At 31 December 2020	265,978	4,013	269,991
AMORTISATION			
At 1 January 2019	58,604	912	59,516
Charge for the year	18,032	325	18,357
At 31 December 2019 and 1 January 2020	76,636	1,237	77,873
Charge for the year	18,032	250	18,282
At 31 December 2020	94,668	1,487	96,155
CARRYING VALUES			
At 31 December 2020	–	–	–
At 31 December 2019	284,010	3,938	287,948

On 25 September 2015, the Group acquired 100% of Grand Ahead. One of the intangible assets that arose from the acquisition of the subsidiary represented the trademark. The management assessed the trademark to be 20 years useful lives.

21. INTANGIBLE ASSETS *(continued)*

Another intangible asset that arose from the acquisition of Grand Ahead represented the licence under Securities and Futures Ordinance, CAP.571, namely Type 1 Dealing in securities, Type 4 Advising on Securities, Type 6 Advising on Corporate Finance and Type 9 Asset Management with the estimated useful life of 20 years allied with the useful life of trademark. The valuation of the intangible assets in amount of approximately HK$5,000,000 at the time of acquisition was carried out by the independent firm of professional valuer, Asset Appraisal Limited.

Trademark and licence from the acquisition of Grand Ahead have definite useful lives and are amortised over 20 years using the straight-line method.

The trademark and licence was assessed by the directors of the Company for impairment as part of the impairment assessment of the cash generating units of financial services (the "CGU-FS") as the trademark belonged to the CGU-FS for impairment testing purposes.

In November 2019, the operation of licensed activities of a subsidiary under Grand Ahead was restricted and is not resumed. The management considered that the re-activation of the licences was uncertain, and no positive cashflow could be generated from CGU-FS in near future and thus, provided full impairment for the year ended 31 December 2020.

On 24 January 2018, the Group acquired 100% of Super Harvest Finance Limited ("SH Finance"), formerly known as Xin Da Finance Limited. Intangible asset that arose from the acquisition of SH Finance represented the money lending license under the Money Lenders Ordinance, Chapter 163, Law of Hong Kong. The management assessed the license to be 5 years useful lives. The valuation of the intangible asset in amount of approximately HK$500,000 at the time of acquisition was carried out by the independent firm of professional valuer, AP Appraisal.

The money lending license has definite useful lives and is amortised over 5 years using the straight-line method. During 2019, the management withdraw renewal application of the money lending license and provided full impairment for the year ended 31 December 2019.

22. OTHER DEPOSITS

	2020 **HK$'000**	2019 HK$'000
Statutory and other deposits	**5,248**	2,309

Statutory and other deposits represent deposits with various exchanges and clearing houses. They are non-interest bearing.

23. LOANS RECEIVABLES

	2020 HK$'000	2019 HK$'000
Fixed-rate loans receivables – unsecured	**273,598**	273,598
Less: Allowances	**273,598**	273,598
Analysed as		
Current	**–**	–

Movement in the loss allowance account in respect of loans receivables during the year is as follows:

	2020 HK$'000	2019 HK$'000
Adjusted balance at 1 January	**273,598**	17,233
Impairment losses provided during the year	**–**	256,365
Balance at 31 December	**273,598**	273,598

As at 31 December 2020 and 2019, the gross carrying amount of the loans receivables amounted HK$273,598,000 were unsecured. As at 31 December 2020 and 2019 all loans receivables were past due and fully impaired.

The management of the Group assessed the expected credit loss on these loans receivables by taking into account the financial position and operation of the borrowers, the Group's assessment of borrowers' risk level and credit rating with reference to recovering data from international rating institutes and forward-looking factors such as the GDP and inflation impact to the provision of expected credit loss.

23. LOANS RECEIVABLES *(continued)*

The loans receivables have been past due for over one year. The Group did not receive any repayment of loans receivables up to the date when the consolidated financial statements were authorized for issue. There are, in total, four borrowers and first overdue from each of the four borrowers happened in July 2019.

The management of the Board sent letters to demand repayment, however, there is no reply from the borrowers. As represented by the directors of the Company, the management is considering taking legal actions against the borrowers and/or the guarantors. The directors of the Company considered such balance is irrecoverable and concluded receivables relating to the loans be fully impaired in the consolidated financial statements for the year ended 31 December 2019.

Included in the carrying amount of loans receivables as at 31 December 2020 is accumulated impairment losses of approximately HK$273,598,000 (31 December 2019: HK$273,598,000). Details of impairment assessment for the year ended 31 December 2019 are set out in note 6.

The fixed-rate loans receivables carry interest at 15% (2019: 15%) per annum.

Interest receivables is fully impaired and included in note 25 to the consolidated financial statements.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	HK$'000
Equity securities held for trading, at fair value		
– Listed in Hong Kong	–	78
– Unlisted investment fund	–	260
	–	338
Represented by:		
Current portion	–	338

25. TRADE AND OTHER RECEIVABLES

	Notes	2020 HK$'000	2019 HK$'000
Trade receivables from			
– Clearing house and cash clients	(a)	**2**	474
– Others	(b)	**2,830**	2,443
		2,832	2,917
Interest receivables	(c)	**41,151**	41,151
Less: Allowances		**41,151**	41,151
		–	–
Other receivables, prepayment and deposit	(d)	**12,474**	20,586
Less: Allowances		**6,317**	6,001
		6,157	14,585
		8,989	17,502
Represented by:			
Non-current portion		**–**	–
Current portion		**8,989**	17,502
		8,989	17,502

Notes:

(A) TRADE RECEIVABLES – CLEARING HOUSE AND CASH CLIENTS

The settlement terms of trade receivables are two days after trade date.

25. TRADE AND OTHER RECEIVABLES *(continued)*

(B) TRADE RECEIVABLES – OTHERS

There is no credit period granted to the trade receivables from underwriting and financial advisory income, insurance brokerage and referral commission and assets management income.

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2020 **HK$'000**	2019 HK$'000
Within 3 months	**28**	653
4 to 6 months	**–**	100
Over 6 months	**2,804**	2,164
Total	**2,832**	2,917

The Group does not hold any collateral over these balances.

(C) INTEREST RECEIVABLES

The Group commenced loan financing operation and generating interest income since 2018. Interest receivables represented the Group's rights to receive loan interest according to the payment terms on the agreements. Expected credit loss has been fully provided for interest receivables and reason and details described in note 23 to the consolidated financial statements.

(D) OTHER RECEIVABLES, PREPAYMENT AND DEPOSIT

As at 31 December 2020, the amount of approximately HK$5,546,000 (2019: approximately HK$8,365,000) represents other receivables which are stated at amortised cost. The amount of approximately HK$298,000 (2019: approximately HK$5,699,000) represents refundable deposits and remaining amount of approximately HK$313,000 (2019: approximately HK$521,000) represents prepayment and non-refundable deposits. The expected credit losses are estimated by applying based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period.

26. PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

	Notes	2020 HK$'000	2019 HK$'000
Bank balances and cash – general accounts	*(a)*	**15,634**	242,158
Bank balances and cash – trust accounts	*(b)*	**21,838**	25,140
Pledged bank deposit	*(c)*	**3,964**	4,474
		41,436	271,772

Notes:

(a) At 31 December 2020, the balances that were placed with banks in the PRC amounted to approximately HK$4,120,000 (2019: approximately HK$18,470,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government. Bank balances carry interest at floating rates based on daily bank deposit rates for both years.

At 31 December 2019, included in the Group's bank balance and cash amounted to approximately HK$192,770,000 represents proceeds from rights issues in November 2019, which has been refunded in January 2020. At 31 December 2020, approximately HK$11,488,000 (2019: HK$23,370,000) was held by financial services segment for its operation.

Upon the winding up petitions against the Company filed with the High Court of The Hong Kong Special Administrative Region on 15 July 2020 by Ms. Yang Xueli, a creditor of the Company, (please refer to the Company's announcements dated 24 June 2020, 27 July 2020 and 6 August 2020 for details of the case), the bank balances of the Group as at 31 December 2020 amounted approximately HK$469,000 (2019: Nil) have been frozen by the banks.

(b) The Group maintains segregated accounts with authorised institutions to hold client money in the normal course of business and liabilities of the same amount, net of interest, were recognised in the Group's consolidated statement of financial position (see notes 27).

(c) Pledged bank deposits represent deposits pledged to banks to secure borrowings advanced to customers as described in note 27 to the consolidated financial statements amounting to RMB3,326,000, equivalent to approximately HK$3,964,000 (2019: RMB4,014,000, equivalent to approximately HK$4,474,000).

27. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Account payables		
– Clearing house and cash clients	**21,394**	25,612
– Others	**1,209**	1,239
Construction cost payables, other payables, accrued charges and others	**789,278**	748,862
Deposits received	**1,522**	1,423
Deposit from rental	**363**	339
Prepayment from customers	**683,775**	649,203
	1,497,541	1,426,678
Represented by:		
Non-current portion	**680,750**	636,661
Current portion	**816,791**	790,017
	1,497,541	1,426,678

The following is an aged analysis of accounts payable presented based on the invoice date.

	2020 HK$'000	2019 HK$'000
0-60 days	**22,603**	26,851

As at 31 December 2020, the amount of RMB571,149,000 (equivalent to approximately HK$680,750,000) (2019: RMB571,149,000 equivalent to approximately HK$636,661,000) classified as non-current liability mainly represents the prepayment received from customers as the Group started signing agreements of pre-leasing the investment property since 2017. As an initial stage promotion policy, lessees have been granted the right to put their pre-leased units back to the Group at initial contract price at 10th anniversary. Therefore, the prepayment from customers was classified as non-current.

27. TRADE AND OTHER PAYABLES *(continued)*

As at 31 December 2020, the amount of construction cost payables, other payables, accrued charges and others was approximately HK$789,278,000 (2019: approximately HK$748,862,000). The amount of approximately HK$226,960,000 (2019: HK$194,574,000) represents valued added tax and other tax payables. The amount of approximately HK$182,460,000 (2019: HK$174,411,000) represents the construction payables for Xiqiao Properties. As acting as the fund manager of various funds by Chain Billion (as defined in note 39), there are approximately HK$46,451,000 (2019: HK$46,451,000) current accounts with these funds. Also, the amount of approximately HK$14,998,000 (2019: HK$14,998,000), represents the PRC tax payable which arose from a disposal of subsidiary recognised in a previous year. The amount of approximately HK$18,039,000 (2019: HK$18,039,000) represents the management fee payable to the service provider of crypto currencies mining machine. The Company carried out rights issues in November 2019 and received proceeds amounted HK$192,770,000, which was subsequently withdrawn and such balance was refunded to shareholders on January 2020. Furthermore, there were interest payable and compensation payable to tenants of HK$178,183,000 (2019: HK$43,135,000) and HK$37,508,000 (2019: HK$14,663,000) respectively. On 29 May 2020, the Company received writ of summons from landlord of its former office premises, and therefore lease liabilities, together with the finance cost, amounted HK$22,131,000 (2019: nil) were transferred to other payables (note 31). The Group also made provisions for legal claims amounted HK$7,016,000 (2019: nil) The remaining other payables amounted to approximately HK$55,532,000 (2019: HK$49,822,000).

28. BORROWINGS/SENIOR NOTES

	Notes	**2020 HK$'000**	2019 HK$'000
Other borrowings	*(a), (e)*		
– secured		**45,154**	36,194
– unsecured		**46,879**	33,333
Unsecured debentures	*(b), (d), (e)*	**73,880**	73,880
Senior notes	*(c), (d), (e)*	**283,101**	283,101
		449,014	426,508
The carrying amount is repayable:			
Within one year, or on demand		**449,014**	426,508

28. BORROWINGS/SENIOR NOTES *(continued)*

Notes:

(A) OTHER BORROWINGS

As at 31 December 2020 and 2019, the amount represented the Group's secured and unsecured other borrowings granted by independent third parties. Secured other borrowings amounted HK$60,810,000 (2019: HK$36,194,000) were secured by certain investment properties and 100% equity interest of an indirect wholly-owned subsidiary of the Company with the carrying amount of approximately HK$62,858,000 (2019: HK$57,577,000) interest charged at 2% per month and 5% to 14% per annum (2019: 2% per month and 14% per annum) and repayable ranging from January to December 2021 (2019: January to August 2020).

Unsecured other borrowing were interest – bearing at fixed rate of 1% to 2% per month and 10% to 12% per annum (2019: 1% per month and 12% per annum) and repayable ranging from January to December 2021 (2019: February to March 2020). Interest payable included in note 27 to the consolidated financial statements.

As at 31 December 2020, the amount of HK$14,303,000 included in secured borrowings and the related interest payables amounted HK$3,075,000 included in other payables was over due and the Group was default in repayment during the year.

(B) UNSECURED DEBENTURES

As at 31 December 2020 and 2019, the amounts represented the Group's unsecured debentures issued to certain independent third parties, which were interest-bearing at fixed rates ranging from 5% to 6% (2019: from 5% to 6%) per annum within 1 year (2019: within 1 to 2 years maturity). Since they are in default since 2019, the balance is disclosed under current liabilities as at 31 December 2020 and 2019.

All unsecured debentures amounted HK$73,880,000 and aggregate interest payables amounted HK$6,567,000 included in other payables was overdue and the Group was default in repayment as at 31 December 2020.

(C) SENIOR NOTES

As at 31 December 2020, the amounts represented the Group's senior notes issued to SH Fund which were interest-bearing at fixed rates ranging from 5% to 8% per annum and default interest rate at 24% per annum (2019: from 5% to 8% per annum with 90 days to 365 days maturity) and matured during the year ended 31 December 2020. In 2018, the senior notes were eliminated since SH Fund was a subsidiary of the Group. In November 2019, SH Fund was disposed (note 34) and as a result, the Group recorded the balance as liability in the consolidated financial statements.

The senior notes are recognised in the consolidated statement of financial position as current liability with carrying amount of HK$283,101,000 as at 31 December 2020 and 2019. Among the balance of HK$283,101,000, all senior notes and aggregate interest payables of HK$110,782,000 (included in other payables) (2019: 4 batches of senior notes and aggregate interest payables of HK$58,411,500 and HK$4,260,000 respectively) were overdue and the Group was in default in repayment. The maturity dates of these batches of senior notes were ranging from November 2019 to October 2020. (2019: 4 batches in default dated 1 November 2019, 15 November 2019, 3 December 2019 and 13 December 2019).

(D) The event of default was triggered by the presentation of the winding up petition from Cheung Ming Ming and Wang Zihao (the "First Winding Up Petition") in the Company's announcement dated 18 November 2019.

(E) Up to the date of approval for issuance of the consolidated financial statements, the default has not been remedied.

29. AMOUNT DUE TO A RELATED PARTY

The amount due to a related party as at 31 December 2020 and 2019 represent advances granted by Mr. Liang, who is the ex-shareholder of the Company, of HK$15,000,000 (2019: HK$15,000,000), which is unsecured, interest-free and repayable in March 2020.

30. CONVERTIBLE NOTES AND DERIVATIVE FINANCIAL INSTRUMENT

On 25 September 2015, the Company issued zero-coupon convertible notes (the "Ping An CB") with a nominal value of approximately HK$100,000,000 as part of the consideration for the acquisition of Grand Ahead and its subsidiaries (the "Grand Ahead Group") from Jayden Wealth Holdings Limited ("Jayden"). The Ping An CB is denominated in Hong Kong dollars. The Ping An CB entitles the holders to convert them into ordinary shares of the Company on any Business Day during a period commencing from the date of this Note and ending on the Maturity Date (both days inclusive), the whole by trenches of at least one-twentieth of the principal amount of the Note into Shares at any time and from time to time at the Conversion Price of HK$0.8 (as adjusted for capital structuring in 2019) per convertible share subject to adjustments in certain events. The maturity date of Ping An CB is 24 September 2020.

During the years ended 31 December 2020 and 2019, no Ping An CB was converted into share by noteholders.

On 27 February 2017, the Company issued Hong Kong dollar denominated convertible notes with the aggregate principal amount of HK$100,000,000 (the "2017 CB1"). The 2017 CB1 entitles the holders to convert them into ordinary shares of the Company at any time after the date of issuance of the 2017 CB1 and on or before their maturity date on 26 February 2019, being two years from the date of its issuance, in multiples of HK$100,000 at a conversion price of HK$0.384 per convertible share subject to adjustments in certain events. The shares to be issued and allotted upon conversions shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. If the notes have not been converted, they should be redeemed on 26 February 2019 at a redemption amount equal to 100% of the principal amount of the outstanding convertible notes. Interest of 5% per annum shall accrue on daily basis on the outstanding principal amount of the bonds and payable on 20 June and 20 December in each year. During the year ended 31 December 2019, no 2017 CB1 was converted into share by noteholders.

30. CONVERTIBLE NOTES AND DERIVATIVE FINANCIAL INSTRUMENT *(continued)*

On 26 February 2019, the Company and the holder of 2017 CB1 entered into a deed of amendment, pursuant to which principal amount of 2017 CB1 was decreased from HK$100,000,000 to HK$90,000,000 after settlement of HK$10,000,000, the maturity date of 2017 CB1 was extended from 26 February 2019 to 26 February 2021 and the interest rate was increased from 5% per annum to 6% per annum. Interest payment dates were not changed. The conversion price of each conversion share was changed from HK$0.384 (as adjusted) to HK$0.2365 per conversion share. The Company paid arrangement fee of HK$10,000,000 for this extension. During the year ended 31 December 2020, no 2017 CB1 was converted into shares of the Company by the holder.

On 27 February 2017, the Company also issued another Hong Kong dollar denominated convertible notes with the aggregate principal amount of HK$100,000,000 (the "2017 CB2"). The 2017 CB2 entitles the holders to convert them into ordinary shares of the Company at any time after the date of issuance of the 2017 CB2 and on or before their maturity date on 26 February 2020, being three years from the date of its issuance, in multiples of HK$100,000 at a conversion price of HK$0.384 (as adjusted for capital restructuring in 2019) per convertible share subject to adjustments in certain events. The shares to be issued and allotted upon conversions shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. If the notes have not been converted, they should be redeemed on 26 February 2020 at a redemption amount equal to 100% of the principal amount of the outstanding convertible notes. Interest of 5% per annum shall accrue on daily basis on the outstanding principal amount of the bonds and payable on 20 June and 20 December in each year. During the years ended 31 December 2020 and 2019, no 2017 CB2 was converted into share by noteholders.

At the date of modification of the 2017 CB1 and as at 31 December 2019, the conversion option component of the 2017 CB1, 2017 CB2, and Ping An CB were valued by the directors of the Company with reference to valuation report issued by AP Appraisal, an independent professional valuer not connected to the Group. As at 31 December 2020, the conversion option component of the 2017 CB1 was valued by the directors of the Company based on their knowledge with reference to the market data.

30. CONVERTIBLE NOTES AND DERIVATIVE FINANCIAL INSTRUMENT *(continued)*

The principal amounts of 2017 CB1, 2017 CB2 and the Ping An CB are divided into straight debt component and embedded conversion option on initial recognition. The debt components are recognized in the consolidated statement of financial position as current liability for 2017 CB1, 2017 CB2 and Ping An CB with carrying amount of HK$290,000,000 as at 31 December 2020 and 2019, since the event of default was triggered by the presentation of the First Winding Up Petition in the Company's announcement dated 18 November 2019 and 2017 CB2 and Ping An CB were overdue as at 31 December 2020. As at 31 December 2020, negotiations between the Group and bonds holders had not been concluded. Since the bonds holders have not agreed to waive its right to demand immediate payment as at the end of the reporting period, all of the CBs above were classified as a current liability as at 31 December 2020 and 31 December 2019. In 2019, the corresponding additional imputed interest of HK$24,042,000 (2020: nil) incurred as part of total interest of HK$98,112,000 (2020: HK$146,408,000), recognized as finance costs.

The aggregate principal amount of convertible notes issued by the Company of HK$290,000,000 (2019: HK$290,000,000) was in default since 2019. Details as per note 3 to the consolidated financial statements.

The embedded conversion options are recognised in the consolidated statement of financial position as current liabilities as at 31 December 2019 (2020: nil).

30. CONVERTIBLE NOTES AND DERIVATIVE FINANCIAL INSTRUMENT *(continued)*

At initial recognition, the debt and derivative components of convertible notes were measured at fair value. Subsequently, the debt components are measured at amortised cost. The effective interest rate of the debt component is from 19.19% to 23.40%. Embedded conversion option are measured at fair value with changes in fair value recognised in profit or loss.

The debt component of 2017 CB1, 2017 CB2 and Ping An CB are classified as current liabilities as at 31 December 2020 and 31 December 2019 amounted to approximately HK$290,000,000.

The movements of the debt and derivatives components of the convertible notes for the year are set out as below:

	Debt	**Derivative financial liabilities – Embedded conversion component option**	**Total**
	HK$'000	HK$'000	HK$'000
As at 31 December 2018 and 1 January 2019	266,375	1,400	267,775
Interest charge *(note 9)*	66,450	–	66,450
Interest paid	(5,111)	–	(5,111)
Interest payable	(5,214)	–	(5,214)
Gain arising on changes of fair value	–	(8,130)	(8,130)
Settlement of convertible notes	(10,000)	–	(10,000)
Extinguishment upon extension of 2017 CB1	(90,000)	–	(90,000)
Recognition upon extension of 2017 CB1	67,500	8,100	75,600
As at 31 December 2019 and 1 January 2020	290,000	1,370	291,370
Interest charge *(note 9)*	31,217	–	31,217
Interest payables	(31,217)	–	(31,217)
Gain arising on changes of fair value	–	(1,370)	(1,370)
As at 31 December 2020	290,000	–	290,000

30. CONVERTIBLE NOTES AND DERIVATIVE FINANCIAL INSTRUMENT *(continued)*

As at 31 December 2020, the Company had carrying amounts of approximately HK$290,000,000 (2019: approximately HK$290,000,000) of outstanding Convertible Notes with aggregate principal amounts of HK$290,000,000 (2019: HK$290,000,000). As at 31 December 2020, upon conversion in full of the outstanding Convertible Notes, the Company will issue 765,966,349 ordinary shares of HK$0.01 (2019: HK$0.01) each in the Company at the conversion price of HK$0.2365 to HK$0.80 per share (2019: HK$0.2365 to HK$0.80 per share). Interest payable has been included in note 27 to the consolidated financial statements.

The fair values of the derivative financial liabilities are calculated using the binomial model. The inputs into the model were as follows:

	Ping An CB	2017 CB1	2017 CB2
31 December 2020			
Fair value of option	N/A	–	N/A
Share price	N/A	0.026	N/A
Conversion price	N/A	HK$0.236	N/A
Expected volatility *(note (a))*	N/A	179.15%	N/A
Expected life *(note (b))*	N/A	2 months	N/A
Risk free rate *(note (c))*	N/A	0.05%	N/A
31 December 2019			
Fair value of option	HK$70,000	HK$1,300,000	–
Share price	HK$0.032	HK$0.032	HK$0.032
Conversion price	HK$0.8	HK$0.236	HK$0.384
Expected volatility *(note (a))*	166.03%	136.15%	137.55%
Expected life *(note (b))*	9 months	14 months	2 months
Risk free rate *(note (c))*	1.85%	1.77%	1.91%

Notes:

(a) Expected volatility was determined by calculating the historical volatility of the Company's share price.

(b) Expected life was the expected remaining life of the convertible notes.

(c) The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Bills and Notes.

31. LEASE LIABILITIES

The consolidated statement of financial position shows the following amounts relating to leases:

	2020 **HK$'000**	2019 HK$'000
Opening net book amount at at 1 January	**20,307**	–
Restated opening net book amount under HKFRS 16 as at 1 January:	**–**	34,182
New lease entered	**1,914**	–
Transferred to other payables *(note)*	**(22,131)**	–
Repayment	**(725)**	(17,511)
Interest expenses	**1,891**	3,636
Closing net book amount as at 31 December	**1,256**	20,307

	2020 **HK$'000**	2019 HK$'000
Lease liabilities payable:		
Within one year	**976**	**15,790**
Within a period of more than one year but not more than two years	**280**	**4,517**
	1,256	**20,307**
Less: Amount due for settlement within 12 months shown under current liabilities	**(976)**	**(15,790)**
Amount due for settlement after 12 months shown under non-current liabilities	**280**	**4,517**

The Group's lease liabilities are for terms of 2 years (2019: 3 years).

The weighted average incremental borrowing rates applied to lease liabilities was 5.5% (2019: 13%).

Note:

In late April 2020, the Group moved out from the office premise located at 18th Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong (the "Previous Office") and ceased to pay rental. On 29 May 2020, the Company received a writ of summons issued from the High Court of Hong Kong by the landlord (the "Plaintiff") of the Previous Office alleges that the Company has breached a lease relating to the Previous Office entered into on 19 April 2018 between the Plaintiff as the landlord and the Company as the tenant. The Plaintiff claims against the Company for an amount of approximately HK$30,000,000 in total. Please refer to the Company's announcement dated 29 May 2020 for details of the case. Included in other payables amount of HK$24,949,000, after off-setting deposit of HK$5,014,000 (2019: lease liabilities amount of HK$20,307,000) were recorded in the consolidated financial statements as at 31 December 2020, of which HK$22,131,000 was reclassified from lease liabilities.

Upon moving out the Previous Office, respective leasehold improvements and furniture and equipment are written off (see notes 17).

32. DEFERRED TAX ASSETS/(LIABILITIES)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 HK$'000	2019 HK$'000
Deferred tax assets	–	–
Deferred tax liabilities	–	(47,537)
	–	(47,537)

The following are the major deferred tax (assets)/liabilities recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	**Revaluation of properties** HK$'000	**Amortisation of intangible assets** HK$'000	**Total** HK$'000
At 1 January 2019	(30)	43,689	50,527	94,186
Charged (credited) to profit or loss	57	(42,977)	(3,017)	(45,937)
Exchange adjustments	–	(712)	–	(712)
At 31 December 2019 and 1 January 2020	27	–	47,510	47,537
Credited to profit or loss	(27)	–	(47,510)	(47,537)
At 31 December 2020	–	–	–	–

The deferred tax (assets)/liabilities for the years ended 31 December 2020 and 2019 are mainly arising from fair value changes on investment properties and amortisation of intangible assets of the Group.

33. DISCONTINUED OPERATION

As a result of the disposal of 聯潤（上海）信息科技有限責任公司（"聯潤"） on 5 August 2019, 60% interest in a subsidiary with principal operation as provision of data verification service is presented as discontinued operation.

The results of the discontinued operation included in the consolidated statement of comprehensive income and consolidated statement of cash flow are set out below.

The losses from the discontinued operation for 2019 is analysed as follows:

	2019 HK$'000
Revenue	14,977
Cost of Sales	(11,819)
Gross profit	3,158
Other income and loss, net	3
Other operating expenses	(4,985)
Gain on disposal of subsidiary	1,259
Loss from discontinued operation	(565)
Cash flows from operating activities	(3,309)
Cash flows from investing activities	–
Cash flows from financing activities	–
Net decrease in cash and cash equivalents	(3,309)

34. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019, the Group had the following disposals of subsidiaries:

The Group entered into a sale and purchase agreement with an independent third party on 5 August 2019 to dispose of the Group's equity interest in 聯潤 for a consideration of RMB4,000,000 (equivalent to approximately HK$4,459,000). The transaction was completed on 5 August 2019.

The Group disposed the Group's management share in Super Harvest Global Fund SPC ("SH Fund") for a consideration of US$1. The transaction was completed on 6 November 2019.

Disposal of subsidiaries	**HK$'000**
Gain on disposal of 聯潤	1,259
Gain on disposal of SH Fund	–
Total gain on disposal of subsidiaries	1,259

Consideration received/receivable

	聯潤 HK$'000	**SH Fund** HK$'000	**Total** HK$'000
Consideration received/receivable in cash and cash equivalents	4,459	–*	4,459

* Consideration received in cash and cash equivalents amounts US$1.

34. DISPOSAL OF SUBSIDIARIES *(continued)*

Analysis of assets and liabilities over which control was lost

	聯潤 HK$'000	SH Fund HK$'000	Total HK$'000
Property, plant and equipments	–	–	–
Financial assets at amortised cost	–	376,802	376,802
Financial assets at fair value through profit and loss	–	11,430	11,430
Trade and other receivables	1,698	18,472	20,170
Cash and cash equivalents	3,308	16,888	20,196
Trade and other payables	(1,385)	(7,953)	(9,338)
Net asset/(liabilities) disposed of	3,621	415,639	419,260
Gain/(loss) on disposal of subsidiaries:			
Consideration received and receivables	4,459	–	4,459
Cumulative exchange difference on translation of these subsidiaries reclassified from equity to profit and loss	54	–	54
Net assets disposed of	3,621	415,639	419,260
Non-controlling interest	(367)	(415,639)	(416,006)
Gain/(loss) on disposal of subsidiaries:	1,259	–	1,259
Net cash outflows arising on disposal:			
Consideration received in cash and cash equivalents	–	–	–
Less:			
Cash and cash equivalents disposed of	3,308	16,888	20,196
Net cash outflows arising on disposals of subsidiaries:	(3,308)	(16,888)	(20,196)

35. SHARE CAPITAL

	2020			2019		
	No. of share	Per Share HK$	Amount HK$'000	No. of share	Per Share HK$	Amount HK$'000
Authorised						
At 1 January	300,000,000,000	0.01	3,000,000	15,000,000,000	0.2	3,000,000
Capital increase *(note a)*	–	–	–	285,000,000,000	–	–
At 31 December	300,000,000,000	0.01	3,000,000	300,000,000,000	0.01	3,000,000
Issued and fully paid						
At 1 January	5,165,863,003	0.01	51,659	5,165,863,003	0.2	1,033,172
Capital reduction *(note b)*	–	–	–	–	–	(981,513)
At 31 December	5,165,863,003	0.01	51,659	5,165,863,003	0.01	51,659

During the years ended 31 December 2019 and 31 December 2020, the movement of the authorised and issued share capital of the Company is as following:

(a) On 19 September 2019, the Company carried out capital reorganization, of which under the Capital Reduction (as defined below) the authorised share capital of the Company be reduced by reducing the par value of all shares from HK$0.20 each to HK$0.01 each resulting in the reduction of the authorised share capital of the Company from HK$3,000,000,000 divided into 15,000,000,000 shares of par value HK$0.20 each to HK$150,000,000 divided into 15,000,000,000 shares of par value HK$0.01 each. And immediately upon the Capital Reduction becoming effective, the authorised share capital of the Company be increased from HK$150,000,000 divided into 15,000,000,000 new shares of par value HK$0.01 each to HK$3,000,000,000 divided into 300,000,000,000 new shares of par value HK$0.01 each.

(b) On 19 September 2019, the Company completed a capital reduction. The par value of each issued share was reduced from HK$0.2 to HK$0.01 ("Capital Reduction"). The credit arising from the Capital Reduction amounted to HK$981,513,000 was transferred to the Contributed Surplus reserve of the Company.

The new shares rank pari passu in all respects with the existing shares.

36. 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.

	Borrowings HK$'000	Senior notes HK$'000	Lease liabilities HK$'000	Amounts due to a related party HK$'000	Derivative financial liabilities HK$'000	Convertible notes HK$'000	Total HK$'000
At 31 December 2018	77,775	–	–	15,000	1,400	266,375	360,550
Adjustment upon application of HKFRS 16	–	–	34,182	–	–	–	34,182
At 1 January 2019 (Restated)	77,775	–	34,182	15,000	1,400	266,375	394,732
New borrowings raised	74,036	–	–	–	–	–	74,036
Repayment for convertible notes	–	–	–	–	–	(10,000)	(10,000)
Repayment for borrowings	(10,209)	–	–	–	–	–	(10,209)
Repayment of lease liabilities	–	–	(13,875)	–	–	–	(13,875)
Interest paid	(3,433)	–	(3,636)	–	–	(5,111)	(12,180)
Changes from financing cash flows	60,394	–	(17,511)	–	–	(15,111)	27,772
Interest expenses	16,981	11,019	3,636	–	–	66,476	98,112
Exchange difference	(1,206)	–	–	–	–	–	(1,206)
Fair value change on derivative financial liabilities	–	–	–	–	(8,130)	–	(8,130)
Recognition upon extension of convertible notes	–	–	–	–	8,100	67,500	75,600
Extinguishment upon extension of convertible notes	–	–	–	–	–	(90,000)	(90,000)
Interest payables	(10,537)	(11,019)	–	–	–	(5,240)	(26,796)
Disposal of subsidiaries	–	283,101	–	–	–	–	283,101
At 31 December 2019	143,407	283,101	20,307	15,000	1,370	290,000	753,185
At 1 January 2020	143,407	283,101	20,307	15,000	1,370	290,000	753,185
New borrowings raised	17,100	–	–	–	–	–	17,100
Repayment for lease liabilities	–	–	(658)	–	–	–	(658)
Interest paid	–	–	(67)	–	–	–	(67)
Changes from financing cash flows	17,100	–	(725)	–	–	–	16,375
Interest expenses	18,784	84,415	1,891	–	–	31,217	136,307
New lease entered	–	–	1,914	–	–	–	1,914
Transfer to other payables *(note 31)*	–	–	(20,307)	–	–	–	(20,307)
Exchange difference	5,406	–	–	–	–	–	5,406
Fair value change on derivative financial liabilities	–	–	–	–	(1,370)	–	(1,370)
Interest payable	(18,784)	(84,415)	(1,824)	–	–	(31,217)	(136,240)
At 31 December 2020	165,913	283,101	1,256	15,000	–	290,000	755,270

37. RELATED PARTY TRANSACTIONS

(a) Except as disclosed elsewhere in the consolidated financial statements, during the years ended 31 December 2020 and 2019, the Group entered into the following transactions with its related parties:

Pursuant to the memorandum of understanding entered into on 19 November 2020 between Mr. Cheung Kam Fai ("Mr. Cheung"), executive director of the Company, and the Company, Mr. Cheung paid the Company a refundable deposit amounting HK$1,000,000. The deposit is unsecured, interest-free and repayable when the agreement for subscription of shares of the Company is not entered by 18 May 2021.

(b) Compensation of directors of the Company and key management personnel of the Company:

Remuneration for key management personnel including amounts paid to the Company's directors as disclosed in note 13 and the highest paid employees as disclosed in note 14 is as follows:

	2020	2019
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**3,140**	12,026
Retirement benefit scheme contributions	**21**	83
	3,161	12,109

The remuneration of directors of the Company and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(c) Finance arrangement

	2020	2019
	HK$'000	HK$'000
Amount due to a related party *(note 31)*	**15,000**	15,000
Amount due to a director	**1,583**	–
	16,583	15,000

38. CAPITAL COMMITMENTS

	2020 HK$'000	2019 HK$'000
Contracted but not provided for		
– Investment properties	**161,072**	150,640
– Investment in subsidiaries	**72,368**	67,679
	233,440	218,319

39. CONTINGENT LIABILITIES

The Group had the following contingent liabilities at the end of the reporting period:

i) On 30 January 2020, Chain Billion Limited, an indirect wholly-owned subsidiary of the Company ("Chain Billion") had received a writ of summons from a third party claims against it for damages in the sum of approximately USD6,397,300 (equivalent to approximately HK$49,823,000) for breach of an investment framework agreement. The directors of the Company believe, after considering legal advice, that the aforementioned case is at a very early stage and would not be necessary for provision making. The Company filed the Defence to the Court in March 2020 and as at date of report, there is no further notice from the plaintiff nor the Court. Please refer to the Company's announcement dated 30 January 2020 for details of the case.

ii) On 11 May 2020 and 15 May 2020, Ping An Securities Limited, indirect wholly-owned subsidiary of the Company and Chain Billion had received writ of summons from third parties, who claim against them for damages in the sum of approximately HK$89,200,000 for breached duty of care and breached certain agreements respectively. As at date of report, the pleading stage has ended and the discovery stage commenced. The directors of the Company believe, after considering legal advice, that the aforementioned case is at a very early stage and documents are yet to be discovered although the discovery stage commenced. Therefore, the directors of the Company would not assess the outcome of these cases, and thus would not be necessary for provision making. Please refer to the Company's announcement dated 11 May 2020 and 15 May 2020 for details of the case.

iii) Subsidiaries of the Group involving in the investment properties project in Foshan, PRC have been facing over 600 legal cases from tenants asking for refund for breach of the contracts amounting to RMB136,757,000 (equivalent to approximately HK$163,000,000) and there was increasing number of legal actions carried out by the tenants. In additional to the refund, these tenants are claiming interest and cost against the subsidiaries.

Save and except for the matters specified above, the Group does not have any litigations or claims of material importance and, so far as the directors of the Company are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

40. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000, contributions to the MPF Scheme vest immediately. Contributions paid or payable to the MPF scheme are charged to the statement of profit or loss.

The employees of the Group's subsidiaries in the PRC are members of a state-sponsored retirement plan organised by the municipal government under the regulations of the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees' retirement benefits. The retirement contributions paid by the PRC subsidiaries are based on a percentage of the eligible employees' salaries and are charged to the statement of profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan organised by the municipal government in the PRC.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2020 in respect of the retirement of its employees.

The total cost charged to the consolidated statement of profit or loss of approximately HK$295,000 (2019: approximately HK$1,555,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

41. PRINCIPAL SUBSIDIARIES

(a) Particulars of the Group's principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name	Place of incorporation/ principle place of business	Particular of issued and fully paid capital/ registered capital	Proportion of ownership interest and voting power held by the Company indirectly		Principal activities
			2020	2019	
Ping An Securities Limited	Hong Kong	HK$100,000,000 (ordinary share)	**100%**	100%	Securities dealing and financial services
佛山盛明置業有限公司	PRC	RMB20,000,000 (paid-up registered capital)	**100%**	100%	Property development, property trading and leasing of properties
Ascent Castle Limited	Hong Kong	HK$1 (paid-up registered capital)	**100%**	100%	Investment holding
Chain Billion Limited	Hong Kong	HK$1 (paid-up registered capital)	**100%**	100%	Investment holding
Super Harvest Technology Group Limited	BVI	US$1 (paid-up registered capital)	**100%**	100%	Investment holding
Earnest Wish Limited	BVI	US$1 (paid-up registered capital)	**100%**	100%	Investment holding
First Pioneer Holdings Limited	Seychelles	US$1 (paid-up registered capital)	**100%**	100%	Investment holding
Grand Ahead Finance Limited	BVI	US$100 (paid-up registered capital)	**100%**	100%	Investment holding

41. PRINCIPAL SUBSIDIARIES *(continued)*

(a) Particulars of the Group's principal subsidiaries as at 31 December 2020 and 2019 are as follows: *(continued)*

Name	Place of incorporation/ principle place of business	Particular of issued and fully paid capital/ registered capital	Proportion of ownership interest and voting power held by the Company indirectly		Principal activities
			2020	2019	
Super Harvest Asset Management Limited	Cayman	US$1 (paid-up registered capital)	**100%**	100%	Investment holding
Super Harvest Finance Limited	Hong Kong	HK$1 (paid-up registered capital)	**100%**	100%	Loan financing
Super Harvest Insurance Broker Limited	Hong Kong	HK$1,500,000 (paid-up registered capital)	**100%**	100%	Insurance brokerage
Super Harvest International Wealth Management Limited	Hong Kong	HK$1 (paid-up registered capital)	**100%**	100%	Wealth Management
Super Harvest Asia Pacific Limited	Hong Kong	HK$1 (paid-up registered capital)	**100%**	100%	Group service provider

41. PRINCIPAL SUBSIDIARIES *(continued)*

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non controlling interests		Proportion of voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
						HK$'000	HK$'000	**HK$'000**	HK$'000
聯潤(i)	PRC	**–**	–	**–**	–	**–**	(801)	**–**	–
SH Fund (ii)	Cayman Island	**–**	–	**–**	–	**–**	23,224	**–**	–

(i) Refer to note 33 and note 34, the Group entered into a sale and purchase agreement with an independent third party on 5 August 2019 to dispose of the entire 60% equity interest in 聯潤.

(ii) The Group has nil ownership of SH Fund as at 31 December 2018. The directors of the Company concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of SH Fund on the basis of the Group has overall authority over, and responsibility for, the operations and management of the fund. The sub-funds of the fund invested mainly in fixed rate senior notes issued by the Company. On 23 March 2020, the directors of the Group discovered unauthorized transfer of management share of SH Fund on 6 November 2019. The holder of the management share and register of members has been changed to Wong Yi Na. The directors of the Company considered the Group lost voting rights and other shareholders' rights and power over SH Fund since then and results disposal of subsidiary (note 34). Further details per the Company's announcement on 23 March 2020.

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Interest in subsidiaries		**1,040,673**	1,040,673
Amounts due from subsidiaries	*(a)*	**1,325,351**	1,327,460
		2,366,024	2,368,133
Less: Impairment		**(2,351,841)**	(1,991,754)
Interest in subsidiaries		**14,183**	376,379
Fixed assets		**213**	5,975
		14,396	382,354
Current assets			
Prepayment, deposit and other receivables		**152**	6,498
Bank balances and cash		**607**	196,289
		759	202,787
Current liabilities			
Accruals and other payables		**212,042**	257,090
Amounts due to subsidiaries	*(a)*	**132,460**	137,523
Lease liability – current portion *(note 31)*		**–**	15,790
Convertible notes – current portion *(note 30)*		**290,000**	290,000
Derivative financial liabilities *(note 30)*		**–**	1,370
Borrowings – current portion		**78,651**	73,880
Senior notes		**283,101**	283,101
Amount due to a related party *(note 29)*		**15,000**	15,000
		1,011,254	1,073,754
Net current liabilities		**(1,010,495)**	(870,967)
Total assets less current liabilities		**(996,099)**	(488,613)

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

	Notes	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital		**51,659**	51,659
Reserves	*(b)*	**(1,047,758)**	(544,789)
Total (deficit) equity		**(996,099)**	(493,130)
Non-current liabilities			
Lease liability – non current portion *(note 31)*		**–**	4,517
		(996,099)	(488,613)

Approved and authorised for issue by the Board of Directors on 31 March 2021

Cheung Kam Fai	**Tsui Cheung On**
Director	*Director*

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Notes:

(A) AMOUNTS DUE TO/FROM SUBSIDIARIES

The amounts due to/from subsidiaries are unsecured, interest-free and repayable on demand.

(B) RESERVES

	Share premium HK$'000	Contributed surplus reserve HK$'000 *(note)*	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	1,881,155	115,419	52	(2,680,563)	(683,937)
Loss and total comprehensive expense for the year	–	–	–	(842,365)	(842,365)
Capital reduction *(note 35(b))*	–	981,513	–	–	981,513
At 31 December 2019 and 1 January 2020	1,881,155	1,096,932	52	(3,522,928)	(544,789)
Loss and total comprehensive expense for the year	–	–	–	(502,969)	(502,969)
At 31 December 2020	1,881,155	1,096,932	52	(4,025,897)	(996,099)

Note: The contributed surplus arose in 1989 as a result of the Group's reorganisation and represented the difference between the nominal value of the Company's shares allotted under the reorganisation scheme and the then consolidated net asset value of the acquired subsidiaries and arose in 2019 as a result of capital reduction (See note 35(b)). According to the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to shareholders under certain circumstances. The Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

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

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, are as set out below:

	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**1,614**	40,496	81,394	26,774	51,730
Loss for the year	**(703,253)**	(969,951)	(1,276,536)	(148,102)	(7,231)
Attributable to:					
Owners of the Company	**(703,253)**	(993,035)	(1,278,979)	(148,102)	(7,231)
Non-controlling interests	**–**	23,084	2,443	–	–
	(703,253)	(969,951)	(1,276,536)	(148,102)	(7,231)
ASSETS AND LIABILITIES					
Total assets	**877,274**	1,586,894	2,334,710	2,662,323	2,286,591
Total liabilities	**(2,252,818)**	(2,228,436)	(1,655,637)	(1,156,345)	(701,188)
(Deficit) equity	**(1,375,544)**	(641,542)	679,073	1,505,978	1,585,403
Attributable to:					
Owners of the Company	**(1,375,544)**	(641,542)	353,061	1,505,978	1,585,403
Non-controlling interests	**–**	–	326,012	–	–
Total (deficit) equity	**(1,375,544)**	(641,542)	679,073	1,505,978	1,585,403

Schedule of Investment Properties

Description	Use	Area	Percentage of attributable interest
Lot No. 0414191933, South side of the lot, Qiao Gao Road, Xiqiao Town, Nanhai District, Foshan, Guangdong, The People's Republic of China	Commercial	Gross area – approximately 86,938 sq. metre	100

PING AN SECURITIES GROUP (HOLDINGS) LIMITED

平 安 證 券 集 團 (控 股) 有 限 公 司