百德國際有限公司
Pak Tak International Limited

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

2020
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming *(Resigned 18 September 2020)*
Ms. Qian Pu
Mr. Ning Jie *(Appointed on 25 September 2020)*

Non-executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors

Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

AUDIT COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

NOMINATION COMMITTEE

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun
Ms. Qian Pu

REMUNERATION COMMITTEE

Mr. Chan Kin Sang *(Chairman)*
Mr. Chan Ngai Sang Kenny
Mr. Zheng Suijun
Ms. Qian Pu

STRATEGIC COMMITTEE

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

INVESTMENT AND FUND RAISING COMMITTEE

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

COMPANY SECRETARY

Mr. Sze Kat Man

AUTHORISED REPRESENTATIVES

Ms. Qian Pu
Mr. Sze Kat Man

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1902, 19/F
Tower 2 Lippo Centre
No. 89 Queensway
Hong Kong

PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR &TRANSFER OFFICE

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

AUDITOR

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

HONG KONG LEGAL ADVISER

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

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Sang Bank Limited

STOCK CODE

2668

WEBSITE

www.paktakintl.com

DEAR SHAREHOLDERS

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Pak Tak International Limited (the "**Company**"), I am pleased to present the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020.

2020 is undeniably a very challenging year for the whole world. The global economy and international trade were influenced by the COVID-19 pandemic, uncertain political and economic events, such as trade frictions between China (the "**PRC**") and the United States (the "**U.S.**").

In order to diversify business risk and expand income streams, the Company had identified and explored potential business development opportunities in the past three years, including supply chain business (the "**Supply Chain Business**"), leasing business (the "**Leasing Business**"), money lending business, securities investment, and property investment. Meanwhile, Supply Chain Business is the core business of the Group which is treated as the focus of development in 2020. Under the spreading outbreak of COVID-19 in early 2020, lockdown measures in the PRC undoubtedly influenced the domestic supply chain operation and business of the Group. Nevertheless, the Supply Chain Business achieved satisfactory performance and an increase in profitability. During the year, the Group recorded a total revenue of HKD2,995.2 million, representing an increase of 104.3% as compared with that for the year ended 31 December 2019 of HKD1,466.3 million. Such increase was mainly attributable to the revenue generated in the Supply Chain Business of HKD2,975.5 million as compared with HKD1,445.4 million for the year ended 31 December 2019.

For the year ended 31 December 2020, the Group recorded a net profit of approximately HKD21.3 million as compared to a net profit of approximately HKD54.5 million for the year ended 31 December 2019. Such decrease of net profit was mainly due to (i) the absence of a one-off gain arising from the disposal of the discontinued operation of HKD23.0 million in the current year, (ii) the absence of the share of profit of an associate of HKD7.9 million in the current year and (iii) the increase in profit from operations being set-off by the increase in finance cost.

In the meantime, facing a volatile global stock market and heightened uncertainties, the Group adopted a prudent approach in the other continuing operations to minimise its credit and business risks.

LOOKING FORWARD

Looking forward to 2021, it is expected that the COVID-19 pandemic will continue to pose a major challenge to the global economy. With rapid implementation of contingency measures and the availability of vaccines, it is hoped that COVID-19 will in due course cease to be a significant health risk. The Group will review the situation and adopt flexible, effective countermeasures as needed. On the basis of protecting the physical and mental health of all employees, the Group will strive to maintain stable work and operation so as to attend to both smooth operation and epidemic prevention.

The Group will continue to expand its core businesses and we target to develop business relationships with some large scale and reputable customers. In addition, we will also expand our supply chain financing services for enhancing the varieties of products and broadening the customer base. The Group will strengthen its financial resources and working capital by establishing long-term relationships with bankers and potential investors.

APPRECIATION

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

Wang Jian
Chairman

Hong Kong,29 March 2021

BUSINESS REVIEW

For the year ended 31 December 2020, the principal activities of the Group are: (i) Supply Chain Business, (ii) Leasing Business, (iii) property investment and consultancy (the "**Property Investment**"), (iv) money lending business in Hong Kong under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Money Lending Business**") and (v) securities investment (the"**Securities Investment**").

Supply Chain Business

Supply Chain Business is the core business of the Group which is treated as the focus of development. For the year ended 31 December 2020, the Supply Chain Business recorded a revenue of HKD2,975.5 million, representing a significant increase of HKD1,530.1 million as compared with the corresponding period in 2019. The Group actively strengthened its financial resources and working capital base through the debt financing. The increase in revenue of the Supply Chain Business was mainly due to the expansion in supply chain of non-ferrous metals and construction materials as well as the provision of credit terms services and supply chain financing services to the Group's customers as its new business strategy.

Some construction projects of the Group's customers, including the construction of residential and commercial buildings and hotel, are in the completion stage. The Group enhanced its supply chain services for ensuring the stability and timeliness of supplying the construction materials, especially premium interior decoration materials. In addition, the Group established business relationships with new customers and expanded the supply chain of non-ferrous metals business, resulting in an increase in turnover. The Group's customers include major non-ferrous metals mining and production companies and integrated infrastructure companies in the PRC. The Group will continue to strengthen the Supply Chain Business, and focus on the sourcing and distribution of non-ferrous metals and construction materials and keep expanding its customer base.

Leasing Business

The Leasing Business is operated through direct lease or sale-and-leaseback arrangements. As at 31 December 2020, the aggregate finance lease receivables were HKD45.6 million and the recognised revenue of Leasing Business was HKD8.7 million for the year ended 31 December 2020. The Group's customers include in the construction, new economy, entertainment and renewable energy sectors. The Group will enhance the Leasing Business and strive to discover further potential business opportunities. The Group will continue to adopt a prudent approach in the Leasing Business to minimise its credit and business risks.

Property Investment

During the year ended 31 December 2020, the investment properties located in Yunfu, PRC recorded a revenue of rental income of HKD4.6 million, of which the Group had offered rent concessions during the current year. As at 31 December 2020, the fair value of the above investment properties amounted to HKD221.4 million, representing a fair value gain of HKD16.7 million. The Group will continue to lease out the investment properties for rental income and may realise its properties investment to enhance its working capital if necessary and when timing is appropriate.

Money Lending Business

As at 31 December 2020, loan receivables of the Money Lending Business amounted to HKD40.5 million which was repayable within a year, and recognised revenue of the Money Lending Business was HKD6.3 million for the year ended 31 December 2020. For the year ended 31 December 2020, all customers in the Money Lending Business were corporations and all borrowings were secured. The rate of return of the Money Lending Business was at 10% – 12% for the year. In order to ensure a healthy development of the Money Lending Business, the Group will continue to adopt a prudent risk management policy, and will carry out regular review of credit risk over the existing borrowers.

Securities Investment

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

FINANCIAL REVIEW

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

Revenue

For the year ended 31 December 2020, the Group recorded a total revenue of HKD2,995.2 million, representing an increase of 104.3% as compared with that for the year ended 31 December 2019 of HKD1,466.3 million. Such increase was mainly attributable to the revenue generated in the Supply Chain Business of HKD2,975.5 million as compared with HKD1,445.4 million for the year ended 31 December 2019.

The total revenue from Money Lending Business, Securities Investment, Leasing Business, and Property Investment amounted to approximately HKD19.6 million as compared with that for the year ended 31 December 2019 of HKD20.9 million.

Expenses

The Group's direct costs and operating expenses significantly increased by HKD1,511.5 million from HKD1,411.5 million for the year ended 31 December 2019 to HKD2,923.0 million for the year ended 31 December 2020. The increase in direct costs and operating expenses was mainly due to the significant growth in the Supply Chain Business whereas revenue from the Supply Chain Business accounted for 99.3% of the Group's total revenue.

The Group's administrative expenses increased by HKD11.4 million from HKD26.9 million for the year ended 31 December 2019 to HKD38.3 million for the year ended 31 December 2020 mainly due to the increase in staff cost.

The Group's finance cost increased by HKD23.2 million from HKD13.7 million for the year ended 31 December 2019 to HKD37.0 million for the year ended 31 December 2020. The increase in finance cost was mainly due to the rising of interest expense for bank borrowings and unlisted bonds for the year ended 31 December 2020.

Profit for the year

For the year ended 31 December 2020, the Group recorded a net profit of approximately HKD21.3 million as compared to a net profit of approximately HKD54.5 million for the year ended 31 December 2019. Such decrease of net profit was mainly due to (i) the absence of a one-off gain arising from the disposal of the discontinued operation of HKD23.0 million in the current year, (ii) the absence of the share of profit of an associate of HKD7.9 million in the current year and (iii) the increase in profit from operations being set-off by the increase in finance cost.

Trade and other receivables

The significant increase in trade and other receivables of HKD442.9 million was primarily due to the increase in trade receivables of HKD351.5 million in relation to the development of the Supply Chain Business and different credit period was given to customers during the year. In addition, there was an increase in other receivables of HKD49.1 million represented the growth in the supply chain financing arrangements; and in the deposits and prepayments amounting to HKD54.7 million was mainly the prepayment paid to the suppliers in Supply Chain Business. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management, which performs assessment of recoverability on a case-by-case basis.

Financial assets at fair value through profit or loss

As at 31 December 2020, the Group's financial assets at fair value through profit or loss significantly increased by HKD273.8 million from HKD0.2 million as at 31 December 2019 to HKD274.0 million. Such increase was mainly due to the subscription of structured deposits in the amount of RMB225.0 million (equivalent to HKD268.2 million) in the current year.

Trade and bills payables

As at 31 December 2020, the Group's trade and bills payable significantly increased by HKD479.6 million from HKD65.3 million as at 31 December 2019 to HKD544.9 million. Such increase was in line with the development of the Supply Chain Business in the current year.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2020, the cash and cash equivalents of the Group were HKD118.6 million (2019: HKD105.0 million) and interest-bearing borrowings, including the unlisted bonds, borrowings and lease liabilities were HKD665.8 million (2019: HKD461.6 million). The following table details the cash and cash equivalents, the bonds, the borrowings and the lease liabilities of the Group as at 31 December 2020 denominated in original currencies:

	As 31 December 2020	
	HKD ('000)	RMB ('000)
Cash	**18,517**	83,995
Bond	**189,927**	—
Borrowings	**43,000**	359,372
Lease liabilities	**—**	3,788

	As 31 December 2019	
	HKD ('000)	RMB ('000)
Cash	**56,370**	43,547
Bond	**189,572**	—
Borrowings	**70,000**	180,771
Lease liabilities	**—**	—

The Group principally satisfies its demand for operating capital with cash inflow from its operations, unlisted bond issuance and borrowings. As at 31 December 2020, the gearing ratio, which is calculated on the basis of total debts (including interest-bearing bonds, borrowings and lease liabilities) over total shareholders' fund of the Group, was 125.4% (2019: 93.4%). The gearing ratio rises in comparison to previous year mainly due to the increase of borrowings. The liquidity ratio, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 1.04 (2019: 1.01). The liquidity ratio is stable in comparison to that as at 31 December 2019.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities (2019: nil).

FOREIGN EXCHANGE AND INTEREST RATE RISKS MANAGEMENT

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

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

PLEDGES ON GROUP ASSETS

As at 31 December 2020, the investment properties of the Group located in Yunfu, PRC with net carrying amount of HKD221.4 million (2019: HKD191.1 million) were pledged to secure bank loans and facilities of the Group.

The property and financial assets at fair value through other comprehensive income of the Group with carrying amounts of HKD67.4 million (2019: nil) and HKD11.0 million (2019: nil) respectively were pledged to a third party to secure for parts of other borrowings.

The structured deposits and pledged bank deposits of the Group entered with financial institutions during the year with carrying amount of HKD273.9 million (2019: nil) and HKD47.7 million (2019: nil) respectively were pledged as guarantee deposits for bills payables to suppliers of the Group.

The financial assets at fair value through other comprehensive income of the Group with carrying amounts of HKD180.1 million (2019: nil) were pledged to secure for the bonds.

FINANCIAL GUARANTEES PROVIDED

As at 31 December 2020, the Company had provided corporate guarantees amounting to HKD478.0 million (2019: HKD168.7 million) in favour of certain banks and lenders in connection with facilities granted to certain subsidiaries of the Group.

CAPITAL EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2020, the Group invested HKD28,000 (2019: HKD3.0 million) on investment properties and properties, plant and equipment, which included leasehold improvements, plant and machinery, furniture, fixtures and equipment and motor vehicles. As at 31 December 2020 and 2019, the Group had no capital commitments.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2020, the significant investments held by the Group are as follows:

	As 31 December 2020 HKD'000	As 31 December 2019 HKD'000
Financial assets at fair value through other comprehensive income	**221,489**	238,660
Financial assets at fair value through profit or loss		
— Listed equity securities in Hong Kong	**108**	243
— Structured deposits	**273,897**	—
	495,494	238,903

Information in relation to the equity securities under the financial assets at fair value through other comprehensive income and the financial assets at fair value through profit or loss as at 31 December 2020 are set out as follows:

Stock Code	Name of investee company	Nature of investment	Number of shares held	Percentage of shareholding in such stock	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020	Change in fair value for the year ended 31 December 2020 HKD'000
Financial assets at fair value through other comprehensive income							
Listed equity securities in Hong Kong:							
1282	Glory Sun Financial Group Limited ("**GSFG**")	Investment in shares	85,000,000	0.27%	28,050	1.51%	2,550
Others					13,316		(19,461)
Unlisted equity securities in Hong Kong:							
	Golden Affluent Limited ("**Golden Affluent**")	Investment in shares	13,921,278	15.90%	180,123	9.69%	5,011
					221,489		(11,900)
Financial assets at fair value through profit or loss							
Listed equity securities in Hong Kong					108		(135)

The principal activities of the securities are as follows:

1. GSFG is an investment holding company and its subsidiaries are principally engaged in the business of financial services, property investment and development, automation, securities investment, trading of commodities, yacht club and education.

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

Save as disclosed above, the Group also invested in other shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Each of the fair value of these shares represented less than 1% of the total assets of the Group as at 31 December 2020.

As at 31 December 2020, the Group subscribed for structured deposit products under financial assets at fair value through profit or loss as set out in the following table:

Counterparty	Name of Structured Deposit Product	Type of product	Subscription Amount RMB'000	Term of Product	Expected Annualized Rate of Return	Fair value as at 31 December 2020 HKD'000	Percentage to the Group's total assets as at 31 December 2020	Change in fair value for the year ended 31 December 2020 HKD'000
Nanyang Commercial Bank (China) Limited — Shenzhen Branch	RMB structured deposit products	Principal-guaranteed with floating income	105,000	364 - 365 days	Between 1.65% - 3.60%	127,474	6.85%	2,194
Others (in different reputable banks)						146,423		3,203
						273,897		5,397

Save as disclosed above, the Group also subscribed other structured deposit products in different reputable banks. Each of the fair value of these structured deposit products represented less than 5% of the total assets of the Group as at 31 December 2020.

Save as disclosed above, there were no significant investments held by the Group for the year ended 31 December 2020.

INVESTMENT PROPERTIES HELD

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

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the year ended 31 December 2020.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total of approximately 50 employees (2019: approximately 40 employees). The total staff cost of the Group amounted to approximately HKD21.5 million for the year ended 31 December 2020, representing 0.7% of the Group's turnover. Employees' remuneration and bonuses are based on their responsibilities, performances, experience and the prevailing industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Company. The Group provides relevant training to its employees in accordance with the skills requirements of difference positions.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

EVENTS AFTER THE REPORTING PERIOD

Placing of New Shares Under Specific Mandate and Connected Transaction Involving Subscription of New Shares Under Specific Mandate

On 20 January 2021, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent had conditionally agreed to procure placees, on a best effort basis to subscribe for of up to 720,000,000 new shares at the placing price of HKD0.20 per placing share (the "**Placing**"). On the same date, the Company entered into the subscription agreement with the subscriber pursuant to which the subscriber had conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 280,000,000 new shares at the subscription price of HKD0.20 per subscription share to the subscriber (the "**Subscription**").

The Placing, the Subscription and transactions contemplated thereunder are subject to the approval by the shareholders and independent shareholders of the Company at the special general meeting on 12 March 2021, and the Listing Committee approving the Placing and the Subscription and listing on the Stock Exchange of new shares arising from the Placing and the Subscription.

On 24 March 2021, all conditions precedent to the Placing and the Subscription as set forth in the placing agreement and the subscription agreement respectively have been fulfilled. Accordingly, completion of the Placing and the Subscription took place on 24 March 2021. Details of the Placing and the Subscription were set out in the announcements of the Company dated 20 January 2021, 10 February 2021, 12 March 2021 and 24 March 2021 and the circular of the Company dated 23 February 2021 respectively.

FUTURE PROSPECTS

In 2020, despite the repeated outbreaks of COVID-19 that have significantly impacted the global economy, the Supply Chain Business achieved satisfactory performance and an increase in overall profitability. Looking forward, the ongoing COVID-19 pandemic still brings uncertainties to the global economic environment. Nevertheless, with rapid implementation of contingency measures to control the spread of the epidemic in the PRC and the popularisation of COVID-19 vaccine, the Group's operating environment is expected to improve considerably.

The Supply Chain Business will continue as the Group's core business on which the Group seeks to maintain the business continuity and further improvement. Enhancing the varieties of products, strengthening the marketing efforts, and broadening the customer base will continue to be the Group's strategy. The development of the Supply Chain Business, together with the contribution from the provision of supply chain financing services, is expected to promote the Group's overall performance in the Supply Chain Business. Meanwhile, the Group will strengthen its financial resources and working capital by establishing long-term relationships with bankers and potential investors.

In the face of challenging climate of the ongoing U.S.-China trade war and international political instability, the management will keep a cautious and prudent approach and maintain the current scale of the Leasing Business, Property Investment, the Money Lending Business and Securities Investment for safeguarding its resources and achieving steady and stable growth of the Group.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

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

EXECUTIVE DIRECTORS

Mr. Wang Jian, aged 50, was appointed as Chairman and Executive Director of the Company on 23 August 2016 and subsequently appointed as Chief Executive Officer of the Company, and the Chairman of each of the strategic committee (the "**Strategic Committee**") and the investment and fund raising committee (the "**Investment and Fund Raising Committee**") of the Company.

Mr. Wang has about 15 years of managerial experience in the construction and engineering industry. He was a legal representative for over 9 years of a company incorporated in the PRC that specialise in the construction engineering industry. Currently, Mr. Wang is also the director of Massive Thriving Limited ("**Massive Thriving**").

As at the date hereof, pursuant to Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (the "**SFO**"), 546,953,000 shares of the Company are held by Massive Thriving, which is wholly-owned by Mr. Wang. Accordingly, he is deemed to be interested in these shares, representing 14.02% of the issued share capital of the Company, and is a substantial shareholder of the Company.

Ms. Qian Pu, aged 31, was appointed as Executive Director of the Company on 8 September 2016. She is a member of each of the nomination committee (the "**Nomination Committee**") and the remuneration committee (the "**Remuneration Committee**") of the Company, the Strategic Committee and the Investment and Fund Raising Committee and one of the authorised representatives of the Company. She also holds directorships in certain subsidiaries of the Company.

Ms. Qian graduated from Huazhong University of Science and Technology, the PRC with a bachelor's degree in Arts and Wuhan University of Science and Technology, PRC with a bachelor's degree in Engineering respectively in 2012. She also obtained a master's degree course in financial management from University of Alberta, Canada in 2020. She has over 7 years of managerial experience in finance investment.

Mr. Ning Jie, aged 37, was appointed as Executive Director of the Company on 25 September 2020.

Mr. Ning obtained a bachelor's degree in law and a second bachelor's degree in accounting from Southwest University of Political Science and Law. Mr. Ning is qualified as a lawyer in the PRC in 2013 and he also has more than 15 years of experience in the legal sector. Currently, He is a senior partner of 廣東港聯律師事務所 (Guandong Ganglian Law Firm).

NON-EXECUTIVE DIRECTORS

Mr. Law Fei Shing, aged 61, was appointed as Executive Director of the Company on 6 August 2013 and redesignated from Executive Director to Non-Executive Director of the Company on 16 December 2014.

Mr. Law is a certified public accountant practicing in Hong Kong. He is also a member of American Institute of Certified Public Accountants, USA and an associate member of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). He has over 31 years of experience in audit and accounting services.

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

Mr. Law was a non-executive director of Beautiful China Holdings Company Limited (stock code: 706) from January 2014 to December 2017, which is listed on the Main Board of Stock Exchange. He was also an executive director of China Assurance Finance Group Limited (stock code: 8090) from December 2015 to March 2019, which was listed on GEM of the Stock Exchange and was delisted in March 2021.

Mr. Shin Yick Fabian, aged 52, was appointed as Non-executive Director of the Company on 9 February 2017. He is a member of each of the Strategic Committee and the Investment and Fund Raising Committee of the Company.

He graduated from The University of Birmingham in England with a bachelor degree in commerce. He is a fellow member of each of the HKICPA, the Association of Chartered Certified Accountants, The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Institute of Company Secretaries. Mr. Shin has over 30 years of experience in investment banking and financial management.

Currently, Mr. Shin is an independent non-executive director of each of China Automobile New Retail (Holdings) Limited (formerly known as Lisi Group (Holdings) Limited) (stock code: 526), Newton Resources Ltd. (stock code: 1231), and Zhengye International Holdings Company Limited (stock code: 3363), since January 2013, August 2015 and May 2019, respectively, shares of all which are listed on the Main Board of the Stock Exchange. In May 2019, he is appointed as an independent director of 廣東世運電路科技股份有限公司 (Guangdong Olympic Circuit Technology Holdings Limited) (stock code: 603920), which is listed on the Shanghai Stock Exchange. On 11 January 2021, Mr. Shin is also appointed as a company secretary of Victory City International Holdings Limited (stock code: 539), shares of which are listed on the Main Board of Stock Exchange.

Mr. Shin was an independent non-executive director of each China Tianrui Automotive Interiors Co., Ltd (stock code: 6162) from December 2018 to September 2020, China Shun Ke Long Holdings Limited (stock code: 974) from August 2015 to December 2018 and Huabang Financial Holdings Limited (formerly known as Goldenmars Technology Holdings Limited) (stock code: 3638) from September 2016 to October 2018, shares of all of which are listed on the Main Board of the Stock Exchange. He was also an independent director of Bio-key International Inc. (stock code: BKYI), shares of which are listed on the NASDAQ Stock Market in the U.S. from November 2017 to September 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Ngai Sang Kenny, aged 56, was appointed as Independent Non-executive Director of the Company on 1 October 2019. He is the chairman of the Audit Committee, the Nomination Committee; and the member of the Remuneration Committee.

Mr. Chan has over 31 years of experience in accounting, taxation, auditing and corporate finance. He is a partner and founder of Kenny Chan & Co., a Certified Public Accountant firm. Mr. Chan obtained a bachelor's degree of commerce from The University of New South Wales in Australia. He is a member of each of the HKICPA, Chartered Accountants Australia and New Zealand, CPA Australia, The Hong Kong Institute of Directors and The Taxation Institute of Hong Kong.

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

Mr. Chan was an independent non-executive director of each of AMCO United Holding Limited (stock code: 630) from June 2015 to August 2017, Convoy Global Holdings Limited (stock code: 1019) from March 2015 to November 2017, WLS Holdings Limited (stock code: 8021) from April 2015 to December 2017 and Kingland Group Holdings Limited (formerly known as Sing On Holdings Limited) (stock code: 1751) from November 2016 to May 2020, all of which are listed on the Main Board and GEM of the Stock Exchange, respectively; and Combest Holdings Limited (stock code: 8190) from February 2002 to February 2018 which was listed on the GEM of the Stock Exchange and was delisted in December 2020.

Mr. Chan Kin Sang, aged 69, was appointed as Independent Non-executive Director of the Company on 3 April 2018. He is the member of the Audit Committee, the Nomination Committee; and the chairman of the Remuneration Committee.

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

Currently, Mr. Chan is a non-executive director of Sino Harbour Holdings Group Limited (stock code: 1663) since April 2020, an independent non-executive director of each of China Fortune Financial Group Limited (stock code: 290) since July 2014 and Huakang Biomedical Holdings Company Limited (stock code: 8622) since November 2018, which are listed on the Main Board and GEM of the Stock Exchange, respectively.

In the past three years, Mr. Chan held directorships in a number of Hong Kong, Singapore and PRC listed companies, namely as an independent non-executive director of Tianhe Chemicals Group Limited (stock code: 1619) from April 2014 to September 2019, which was listed on Main Board of the Stock Exchange and was delisted in June 2020. In addition, Mr. Chan was a non-executive director of Pan Hong Holdings Group Limited (stock code: P36) from August 2006 to March 2020 and an independent non-executive director of Luxking Group Holdings Limited (stock code: BKK) from August 2006 to October 2019, all of which are listed on the main board of Singapore Exchange Limited. He also acted as a director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (stock code: 600234) from October 2017 to October 2020, which is listed on the Shanghai Stock Exchange.

Mr. Zheng Suijun, aged 58, was appointed as Independent Non-executive Director of the Company on 31 August 2016. He is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

Mr. Zheng has more than 15 years of managerial experience in taxation advisory business. Currently, Mr. Zheng is a chairman of the board of directors of Shenzhen Jinnuo Tax Agency Co., Ltd. since 2004.

SENIOR MANAGEMENT

Mr. Sze Kat Man, aged 34, joined the Group in October 2014 as the Financial Controller of the Group and appointed as company secretary (the "**Company Secretary**") and authorised representative of the Company on 16 April 2017. He also holds directorships in certain subsidiaries of the Company. He is currently responsible for the overall financial management and company secretarial matters of the Group. Mr. Sze graduated from City University of Hong Kong with an Associate of Business Administration in Accountancy and is a member of the HKICPA. He has over 12 years of experience in professional audit and accounting fields.

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the Supply Chain Business, Leasing Business, Property Investment, Money Lending Business and Securities Investment. The principal activities and other particulars of the Company's subsidiaries are set out in note 35 to the consolidated financial statements.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 December 2020 by segments are set out in note 11 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 120 of this annual report.

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated financial statements.

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

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2020 are set out in the consolidated statement of change in equity on page 47 of this annual report.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2020, calculated under the Companies Act 1981 of Bermuda (the "**Companies Act**"), amounted to HKD292,563,000 (2019: HKD314,036,000).

SHARE CAPITAL

As at 31 December 2020, the issued share capital of the Company was 2,900,000,000 ordinary shares of HKD0.02 each (the "**Share(s)**").

Movements in the share capital of the Company during the year are set out in note 28(c) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CHARITABLE DONATIONS

During the year, the Group has not made any charitable donations (2019: Nil).

BORROWINGS

As at 31 December 2020, the Group had bonds and borrowings of approximately HKD661.3 million (2019: HKD461.6 million).

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2020, the Group acquired property, plant and equipment at a cost of approximately HKD28,000 for the purpose of expanding the Group's business (2019: HKD3.0 million).

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the five largest customers of the Group together accounted for 63.8% of the Group's total revenue, with the largest customer accounting for 33.0% of the Group's total turnover. The aggregate purchases attributable to the Group's five largest suppliers was 59.3% of the total purchase of the Group for the year ended 31 December 2020, and the largest supplier accounted for 31.3% of the Group's total purchases.

The largest supplier of the Company is ultimate beneficially owned by a shareholder of the Company, who owns more than 5% of the issued share capital of the Company.

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

EQUITY-LINKED AGREEMENT

Save for the share option scheme of the Company as disclosed in the section headed "Share Option Scheme", no equity linked agreements were entered into by the Group or existed during the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

RELATED PARTY TRANSACTION

The Group entered into certain related party transactions as disclosed in note 33 to the consolidated financial statements during the year. During the year ended 31 December 2020, none of the related party transactions constitute a connected transaction or continuing connected transaction under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this report were:

Executive Directors

Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming *(Resigned on 18 September 2020)*
Ms. Qian Pu
Mr. Ning Jie *(Appointed on 25 September 2020)*

Non-Executive Directors

Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-Executive Directors

Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

DIRECTORS' SERVICE CONTRACTS

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

In accordance with the Bye-laws, Mr. Wang Jian, Ms. Qian Pu and Mr. Ning Jie will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

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

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

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 December 2020.

MANAGEMENT CONTRACTS

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

COMPETING INTERESTS

During the year ended 31 December 2020, Mr. Law Fei Shing, being Non-executive Director had interests in the following businesses (apart from the businesses of the Group) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

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

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

SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was adopted pursuant to the shareholders' resolution passed on 23 August 2011 for the primary purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group and will be valid and effective for a period of 10 years commencing on the date on which the Scheme was adopted and ending on 22 August 2021. Under the Scheme, the Directors may grant options to eligible employees, any executive and non-executive director (including independent non-executive director) of the Group and other eligible participants to subscribe for shares in the Company, at a price to be determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

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

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

The resolution of refreshment of the share option scheme limit under the Scheme was duly passed on 22 August 2016. As at the date of this annual report, the total number of Shares available for issue under the Scheme was 141,500,000 Shares, representing approximately 3.63% of the issued Shares of the Company.

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

No options under the Scheme were granted or exercised during the year and there were no outstanding options as at 31 December 2020.

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

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules were as follow:

Name of Director	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % Shareholding** *(Note 2)*
Mr. Wang Jian ("**Mr. Wang**") *(Note 3)*	546,953,000	Interest of controlled corporation	18.86%

Notes:

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

2. The percentage was calculated based on the total number of Shares of the Company as at 31 December 2020, which was 2,900,000,000.

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

Save as disclosed above, as at 31 December 2020, none of the Directors nor chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, and Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 December 2020 was the Company, or any of its holding companies or fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors or their connected entities to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2020, so far as is known to the Directors and chief executive of the Company, other than the interests of the Directors and chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follow:

Name of Shareholders	**Number of Shares Held** *(Note 1)*	**Capacity**	**Approximate % of Shareholding** *(Note 2)*
Tengyue Holding Limited ("**Tengyue Holding**") *(Note 3)*	812,000,000	Beneficial owner	28.00%
Beyond Glory Holdings Limited ("**Beyond Glory**") *(Note 3)*	812,000,000	Interest of controlled corporation	28.00%
Mr. Liao Nangang ("**Mr. Liao**") *(Note 3)*	812,000,000	Interest of controlled corporation	28.00%
Massive Thriving *(Note 4)*	546,953,000	Interest of controlled corporation	18.86%
Mr. Yao Jianhui ("**Mr. Yao**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%

Name of Shareholders	Number of Shares Held *(Note 1)*	Capacity	Approximate % of Shareholding *(Note 2)*
Bao Xin International Group Limited ("**BXIG**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
Tinmark Development Limited ("**TDL**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
Bao Xin Development Limited ("**BXDL**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
GSFG *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
Glory Sun Financial Holdings Limited ("**GSFH**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
Great Sphere Developments Limited ("**GSDL**") *(Note 5)*	282,697,950	Interest of controlled corporation	9.75%
Mr. Huang Shilong	275,500,000	Beneficial owner	9.50%
Stellar Result Limited ("**SRL**") *(Note 5)*	203,377,950	Interest of controlled corporation	7.01%
Glory Sun Credit Limited ("**GSCL**") *(Note 5)*	203,377,950	Person having a security interest in Shares	7.01%
State Leap Limited	170,440,000	Beneficial owner	5.88%

Notes:

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

2. The percentage was calculated based on the total number of Shares as at 31 December 2020, which was 2,900,000,000.

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

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

5. According to the corporate substantial shareholder notice filed on 30 June 2020 by each of BXIG and TDL; and the individual substantial shareholder notice filed on 30 June 2020 by Mr. Yao, GSCL is interested in 203,377,950 Shares by way of a security interest in those Shares. GSCL is wholly-owned by SRL, which is in turn wholly-owned by GSFH; GSFH is wholly-owned by GSDL, which is in turn wholly-owned by GSFG; GSFG is owned as to approximately 47.10% in aggregate by BXDL and TDL. Glory Sun Securities Limited ("**GSSL**") is directly interested in 79,320,000 Shares and, is indirectly owned by TDL through GSFH, GSDL, GSFG, BXDL and BXIG, among others. In addition, TDL is wholly-owned by Mr. Yao. Accordingly, Mr. Yao is deemed to be interested in all 282,697,950 Shares in which GSCL and GSSL are directly interested by virtue of SFO.

Save as disclosed above, as at 31 December 2020, the Company had not been notified by any other person or corporation (other Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company or the Stock Exchange under Part XV of the SFO.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director(s) of the Company since the date of the 2020 interim report of the Company and up to the date of this annual report are set out below:

Name of Directors		Details of Changes
Mr. Chan Kin Sang	–	Appointed as chairman of the Remuneration Committee on 1 September 2020
	–	Resigned as a director of Guanghe Landscape Culture Communication Co., Ltd, Shanxi (stock code: 600234), a company listed on the Shanghai Stock Exchange, on 15 October 2020
Mr. Chan Ngai Sang, Kenny	–	Ceased to act as chairman of the Remuneration Committee on 1 September 2020
Mr. Ning Jie	–	Appointed as Executive Director on 25 September 2020
Mr. Shin Yick Fabian ("**Mr. Shin**")	–	Resigned as an independent non-executive director of China Tianrui Automotive Interiors Co., Ltd (stock code: 6162), a company listed on the Main Board of the Stock Exchange, on 15 September 2020
	–	Resigned as an independent director of Bio-key International Inc. (stock code: BKYI), a company listed on the NASDAQ Stock Market in the U.S., on 20 September 2020
	–	Acted as company secretary of Victory City International Holdings Limited (stock code: 539), a company listed on the Main Board of the Stock Exchange, on 11 January 2021

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

CLOSURE OF REGISTER OF MEMBERS

The 2021 Annual General Meeting of the Company is scheduled to be held on Friday, 25 June 2021 (the "**AGM**"). The register of members of the Company will be closed from Monday, 21 June 2021 to Friday, 25 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer of share(s) accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 June 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company maintained a sufficient public float with at least 25% of the issued Shares of the Company as required under the Listing Rules throughout the year ended 31 December 2020 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

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

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

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2020, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

CORPORATE GOVERNANCE

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2020 have been audited by Baker Tilly Hong Kong Limited ("**BTHK**"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On Behalf of the Board

Wang Jian
Chairman and Chief Executive Officer
Hong Kong, 29 March 2021

CORPORATE GOVERNANCE REPORT

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2020, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code, except for the following deviations:

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

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

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. Mr. Chan Kin Sang and Mr. Zheng Suijun, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 12 June 2020 (the "**2020 AGM**") due to other pre-arranged business commitments and the circumstance under the COVID-19 outbreak, respectively.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. Mr. Wang was unable to attend the 2020 AGM due to the circumstance under the COVID-19 outbreak. Mr. Wang will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so. Mr. Wang had entrusted Mr. Shin, being a non-executive Director, to respond to shareholders' concerns (if any) on his behalf at the 2020 AGM.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Company confirms that all the Directors had complied with the Model Code for the year ended 31 December 2020.

BOARD OF DIRECTORS

Composition of the Board

As at 31 December 2020, the Board comprised eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. During the year and up to the date of this report, the composition of the Board is as follows:

Executive Directors
Mr. Wang Jian *(Chairman and Chief Executive Officer)*
Mr. Feng Guoming *(Resigned on 18 September 2020)*
Ms. Qian Pu
Mr. Ning Jie *(Appointed on 25 September 2020)*

Non-executive Directors
Mr. Law Fei Shing
Mr. Shin Yick Fabian

Independent Non-executive Directors
Mr. Chan Ngai Sang Kenny
Mr. Chan Kin Sang
Mr. Zheng Suijun

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

There was no relationship (including financial, business, family or other material or relevant relationships) among members of the Board.

Responsibilities of the Board

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

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

Independent Non-executive Directors

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

Continuous Professional Development

Under code provision A.6.5 of CG Code regarding continuous professional development ("**CPD**"), Directors should participate in CPD to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. For the year ended 31 December 2020 all Directors have participated in appropriate CPD activities either by attending training courses or by reading materials relevant to the Company's business or to the Directors' duties and responsibilities.

During the year ended 31 December 2020, all Directors confirmed to the Company that they had received CPD training.

The participation by individual Directors in 2020 is recorded as follows:

Name of Directors	**Attending seminars/ conference or reading material relating to the business, accounting law, rules and regulations**
Executive Directors	
Mr. Wang Jian	Yes
Mr. Feng Guoming *(Resigned on 18 September 2020)*	N/A
Ms. Qian Pu	Yes
Mr. Ning Jie *(Appointed on 25 September 2020)*	Yes
Non-executive Directors	
Mr. Law Fei Shing	Yes
Mr. Shin Yick Fabian	Yes
Independent Non-executive Directors	
Mr. Chan Ngai Sang Kenny	Yes
Mr. Chan Kin Sang	Yes
Mr. Zheng Suijun	Yes

Director's Attendance of the Meetings

The Board meets regularly to review the financial and operating performance of the Group, to make important decisions and to approve future strategies. In addition, the Board would also hold the other Board meetings with a short notice given to discuss the material transactions as and when required. During the year ended 31 December 2020, six Board meetings, two Audit Committee meetings, two Remuneration Committee meetings, two Nomination Committee meetings, and one annual general meeting were held. Attendances of these meetings by Directors are set out below:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
	Number of Meetings Attended/Eligible to Attend				
Executive Directors					
Mr. Wang Jian	4/6	N/A	N/A	N/A	No
Mr. Feng Guoming *(Resigned on 18 September 2020)*	4/6	N/A	N/A	N/A	No
Mr. Qian Pu	6/6	N/A	2/2	2/2	No
Mr. Ning Jie *(Appointed on 25 September 2020)*	N/A	N/A	N/A	N/A	N/A
Non-executive Directors					
Mr. Law Fei Shing	5/6	N/A	N/A	N/A	Yes
Mr. Shin Yick Fabian	6/6	N/A	N/A	N/A	Yes
Independent Non-executive Directors					
Mr. Chan Ngai Sang Kenny	5/6	2/2	1/2	1/2	Yes
Mr. Chan Kin Sang	6/6	2/2	2/2	2/2	No
Mr. Zheng Suijun	6/6	2/2	2/2	2/2	No

BOARD COMMITTEES

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

Audit Committee

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

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun

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

The Audit Committee meets at least twice a year. During the year ended 31 December 2020, two committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2020, a summary of the work of the Audit Committee is as follows:

1. reviewing the audited annual results for the year ended 31 December 2019 and the unaudited interim results for the six months ended 30 June 2020, with a recommendation to the Board for approval;

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

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

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

5. reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, with a recommendation to the Board for the re-appointment of the external auditor at the 2020 AGM;

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

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

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

The consolidated financial statements for the year ended 31 December 2020 was reviewed and recommended by the Audit Committee for the Board's approval for public release.

Remuneration Committee

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

Mr. Chan Kin Sang *(Chairman)* *(Note 1)*
Mr. Chan Ngai Sang Kenny *(Note 2)*
Mr. Zheng Suijun
Ms. Qian Pu

Notes:

1. Appointed as Chairman on 1 September 2020.

2. Ceased to the Chairman on 1 September 2020.

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

The Remuneration Committee meets at least once a year. During the year ended 31 December 2020, two committee meetings was held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2020, a summary of the work of the Remuneration Committee is as follows:

1. reviewing the existing remuneration packages and emolument of the Board and senior management; and

2. considering and making recommendation to the Board relating to the remuneration of newly appointed Director(s) (including executive Director(s)).

Remuneration of Members of the Senior Management by Band

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

Within the band of	Number of individuals
Nil to HKD500,000	2
HKD500,001 to HKD1,000,000	1
HKD3,000,000 to HKD4,000,000	1
	4

Details of the remuneration of each Directors for the year ended 31 December 2020 are set out in note 8 to the consolidated financial statements of this annual report.

Nomination Committee

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

Mr. Chan Ngai Sang Kenny *(Chairman)*
Mr. Chan Kin Sang
Mr. Zheng Suijun
Ms. Qian Pu

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

The Nomination Committee shall meet at least once a year. During the year ended 31 December 2020, two committee meetings were held. Attendances of the meetings have been disclosed on page 29 of this annual report.

During the year ended 31 December 2020, a summary of the work of the Nomination Committee is as follows:

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

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

3. considering and making recommendation to the Board relating to the appointment of Mr. Ning Jie as executive Director; and

4. considering and making recommendation to the Board relating to the re-election of the retiring Directors at the 2020 AGM.

The Board has adopted a policy on board diversity (the "**Board Diversity Policy**"). Pursuant to the Board Diversity Policy, the Board shall consider the benefits of diversity when it reviews the Board composition. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience and qualifications, skills, knowledge, length of service and industry and regional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

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

Investment and Fund Raising Committee

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

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

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

During the year ended 31 December 2020, three Investment and Fund Raising Committee meetings were held. Attendance of the members at the meeting is set out as follows:

Committee members	Meetings attended/held
Mr. Wang Jian	3/3
Ms. Qian Pu	3/3
Mr. Shin Yick Fabian	3/3

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

Strategic Committee

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

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

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

During the year ended 31 December 2020, one Strategic Committee meeting was held. Attendance of the members at the meeting is set out as follows:

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Directors have also made judgments and estimates that are prudent and reasonable in the preparation of the consolidated financial statements. The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Group consolidated financial statements, is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

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

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

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

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

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

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

Auditor's Remuneration

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

For the year ended 31 December 2020, the fee paid/payable to BTHK and BTCG for the services provided during the year is set out below:

Services	HKD'000
BTHK	
Audit service	840
Interim review services	275
	1,115
BTCG*	
Other non-audit services	150
Total	1,265

* BTCG is an affiliate of BTHK.

COMPANY SECRETARY

Mr. Sze Kat Man joined the Company as the financial controller of the Company since October 2014, and was appointed as Company Secretary in April 2017. During the year ended 31 December 2020, Mr. Sze has complied with Rule 3.29 of the Listing Rules on taking no less than 15 hours of relevant professional training. The biographical details of Mr. Sze are set out the section headed "Directors and Senior Management Profile".

DIVIDEND POLICY

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

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

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

SHAREHOLDERS' RIGHT

1. Procedures for Convening a Special General Meeting

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

2. Procedures for Putting Forward Proposals at General Meetings

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

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

SHAREHOLDERS' ENQUIRIES

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

INVESTOR RELATIONS

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

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

CONSTITUTIONAL DOCUMENTS

There were no changes in the constitutional documents during the year ended 31 December 2020.

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

OPINION

We have audited the consolidated financial statements of Pak Tak International Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 43 to 119, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of investment properties</td></tr>
<tr><td colspan="2">Refer to Note 2 (g) (significant accounting policies), Note 14 (investment properties) and Note 34 (d) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>We identified the valuation of investment properties as a key audit matter due to the key sources of estimate uncertainty and the significant assumptions and judgements associated with determining the fair value.

All of the Group's investment properties are stated at fair value based on valuations carried out by independent qualified professional valuer (the "Valuer"). The valuations are dependent on the relevant property market in the People's Republic of China ("PRC") together with significant unobservable inputs that involve management's significant judgments. Changes in the comparable properties may result in a significant increase or decrease in fair values. Details of the valuation techniques and significant unobservable inputs used in the valuations and related key sources of estimate uncertainty are set out in Note 14 to the consolidated financial statements.</td><td>Our procedures in relation to evaluating the valuation of the investment properties included:

— Evaluating the competence, capabilities, independence and objectivity of the Valuer engaged by the management;

— Obtaining an understanding of the valuation process methodologies, performance and available market data of the property market, significant assumptions and techniques adopted by the Valuer to assess if they are consistent with industry norms;

— Obtaining the valuation report and held discussion with the management and Valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of these inputs adopted by the management and the Valuer and comparing the similar comparable properties adopted with fair market unit price, on a sample basis, to where relevant, publicly available information of market data; and

— Performing sensitivity analysis to evaluate the reasonableness of the valuation, when appropriate.</td></tr>
</table>

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of trade receivables	
Refer to Note 2 (j) (credit losses and impairment of assets), Note 17 (trade receivables) and Note 34 (e) (accounting estimates and judgements) to the consolidated financial statements.	
As at 31 December 2020, the Group had gross carrying amount of trade receivables amounting to HKD687,543,000 (2019: HKD334,208,000). The loss allowances for trade receivables amounted to HKD2,146,000 (2019: HKD272,000), all of which was attributable to customers located in the PRC. Loss allowances for receivables are based on management's estimate of the lifetime expected credit losses ("**ECL**") to be incurred, which is estimated by taking into account the historical loss rates experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgements. We focused on the impairment assessment which involves significant management judgements and assumptions, primarily including the following: — Criteria for determining whether or not there was a significant increase in credit risk, or a default or impairment loss was incurred; and — Economic indicators for forward-looking measurement, and applicable economic scenarios and weightings.	Our procedures designed to review the management's assessment of the indicators of impairment on receivables included: — Understanding and validating the credit control procedures performed by management, including its procedures on periodic review on aged receivables and assessment on ECL of these receivables; — Testing on a sample basis, the accuracy of ageing profile on trade receivables by checking to the underlying sales invoices, sales contracts and document on date of delivery of goods or rendering of services to customers which approximated the respective dates on which revenue was recognised; — Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and — Reviewing subsequent settlements of the trade receivables and challenging management regarding the reasons for not considering a provision against any unsettled past-due balances.

KEY AUDIT MATTERS *(Continued)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Valuation of investment in equity interest of an unlisted company</td></tr>
<tr><td colspan="2">Refer to Note 2(f) (other financial assets), Note 15 (financial assets at fair value through other comprehensive income) ("FVOCI") and Note 34 (f) (accounting estimates and judgements) to the consolidated financial statements.</td></tr>
<tr><td>As at 31 December 2020, the unlisted equity investment at FVOCI represented the Group's investment in Golden Affluent Limited ("the investment").

The investment at 31 December 2020 was valued by an independent professional valuer. With reference to the valuation, management had estimated the fair value of the investment to be HKD180,123,000 (2019: HKD175,112,000) at year end.

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

— Evaluating the competence, capabilities, independence and objectivity of the valuer engaged by the management;

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

— Assessing and challenging the reasonableness of key assumptions and critical judgements used such as revenue growth rates, gross profit margins, long-term growth rate and discount rates applied by management by comparing them to third party sources and with economic and industry forecasts to assess the reasonableness of the forecasts used by the management; and

— Performing sensitivity analysis to evaluate the reasonableness of the valuation, when appropriate.</td></tr>
</table>

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

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

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

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

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

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

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process on behalf of the Board of Directors.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

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

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

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 29 March 2021

Choi Kwong Yu
Practising Certificate number P05071

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	2020 HKD'000	2019 HKD'000
Continuing Operations			
Revenue	3	**2,995,163**	1,466,328
Other revenue	5	**15,003**	12,094
Other net gains/(losses)	5	**5,357**	(620)
Fair value gain on investment properties	14	**16,671**	7,953
Direct costs and operating expenses		**(2,922,968)**	(1,411,507)
Administrative expenses		**(38,349)**	(26,933)
Profit from operations		**70,877**	47,315
Finance costs	6(a)	**(36,991)**	(13,714)
Share of results of an associate		**—**	7,939
Profit before taxation	6	**33,886**	41,540
Income tax expense	7	**(12,602)**	(10,059)
Profit from continuing operations		**21,284**	31,481
Discontinued operation			
Profit for the year from discontinued operation	4(a)	**—**	23,030
Profit for the year		**21,284**	54,511
Attributable to equity shareholders of the Company:			
— from continuing operations		**21,284**	31,481
— from discontinued operation	4(a)	**—**	23,030
		21,284	54,511
Attributable to non-controlling interests:			
— from continuing operations		**—**	—
— from discontinued operation	4(a)	**—**	—
		—	—
		21,284	54,511
		HK cents	HK cents
Earnings per share	10		
From continuing and discontinued operations			
— Basic and diluted		**0.73**	1.88
From continuing operations			
— Basic and diluted		**0.73**	1.09

The notes on pages 50 to 119 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 HKD'000	2019 HKD'000
Profit for the year	**21,284**	54,511
Other comprehensive income/(loss) for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	**27,382**	(4,317)
— Release of exchange reserve upon disposal of subsidiaries	**—**	4,078
— Release of exchange reserve upon deemed disposal of an associate	**—**	184
Items that will not be reclassified subsequently to profit or loss:		
— Loss on fair value change of financial assets at fair value through other comprehensive income, net of nil tax	**(12,338)**	(17,790)
Total comprehensive income for the year	**36,328**	36,666
Attributable to:		
Equity shareholders of the Company	**36,328**	36,666
Non-controlling interests	**—**	—
	36,328	36,666

The notes on pages 50 to 119 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HKD'000	2019 HKD'000
Non-current assets			
Property, plant and equipment	12	67,779	69,860
Right-of-use assets	13	4,354	—
Investment properties	14	221,443	191,056
Financial assets at fair value through other comprehensive income	15	221,489	238,660
Finance lease receivables	16	26,509	44,327
		541,574	543,903
Current assets			
Inventories		—	1,961
Trade and other receivables	17	818,306	375,429
Loan receivables	18	40,526	14,995
Current portion of finance lease receivables	16	19,060	30,548
Financial assets at fair value through profit or loss	19	274,005	243
Pledged bank deposits	20(a)	47,676	—
Cash and cash equivalents	20(a)	118,630	105,034
		1,318,203	528,210
Current liabilities			
Trade and bills payables	21	544,869	65,301
Other payables, accrued charges and deferred income	22	53,877	20,031
Contract liabilities	23	30,729	3,756
Bonds	24	189,927	189,572
Borrowings	25	437,622	236,082
Lease liabilities	26	2,071	—
Tax payable		7,334	6,342
		1,266,429	521,084
Net current assets		51,774	7,126
Total assets less current liabilities		593,348	551,029
Non-current liabilities			
Borrowings	25	33,714	35,930
Lease liabilities	26	2,443	—
Deferred tax liabilities	27(a)	26,402	20,638
		62,559	56,568
NET ASSETS		530,789	494,461

	Note	2020 HKD'000	2019 HKD'000
CAPITAL AND RESERVES			
Share capital	28(c)	**58,000**	58,000
Reserves		**472,787**	436,459
Equity attributable to equity shareholders of the Company		**530,787**	494,459
Non-controlling interests		**2**	2
TOTAL EQUITY		**530,789**	494,461

Approved and authorised for issue by the board of directors on 29 March 2021.

Wang Jian
DIRECTOR

Qian Pu
DIRECTOR

The notes on pages 50 to 119 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity shareholders of the Company							
	Share capital HKD'000	Share premium HKD'000	Financial assets at fair value through other comprehensive income reserve HKD'000	Exchange reserve HKD'000	Retained profits HKD'000	Sub-total HKD'000	Non-controlling interests HKD'000	Total equity HKD'000
At 1 January 2019	58,000	362,134	(33,419)	(6,568)	77,646	457,793	2	457,795
Changes in equity for the year ended 31 December 2019:								
Profit for the year	—	—	—	—	54,511	54,511	—	54,511
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	(4,317)	—	(4,317)	—	(4,317)
Release of exchange reserve upon disposal of subsidiaries	—	—	—	4,078	—	4,078	—	4,078
Release of exchange reserve upon deemed disposal of an associate	—	—	—	184	—	184	—	184
Loss on fair value change of financial assets at fair value through other comprehensive income, net of nil tax	—	—	(17,790)	—	—	(17,790)	—	(17,790)
Total comprehensive income/(loss) for the year	—	—	(17,790)	(55)	54,511	36,666	—	36,666
At 31 December 2019	58,000	362,134	(51,209)	(6,623)	132,157	494,459	2	494,461
At 1 January 2020	**58,000**	**362,134**	**(51,209)**	**(6,623)**	**132,157**	**494,459**	**2**	**494,461**
Changes in equity for the year ended 31 December 2020:								
Profit for the year	—	—	—	—	**21,284**	**21,284**	—	**21,284**
Exchange differences on translation of financial statements of overseas subsidiaries, net of nil tax	—	—	—	**27,382**	—	**27,382**	—	**27,382**
Loss on fair value change of financial assets at fair value through other comprehensive income, net of nil tax	—	—	**(12,338)**	—	—	**(12,338)**	—	**(12,338)**
Total comprehensive income/(loss) for the year	—	—	**(12,338)**	**27,382**	**21,284**	**36,328**	—	**36,328**
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	—	—	**37,731**	—	**(37,731)**	—	—	—
At 31 December 2020	**58,000**	**362,134**	**(25,816)**	**20,759**	**115,710**	**530,787**	**2**	**530,789**

The notes on pages 50 to 119 form part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HKD'000	2019 HKD'000
Operating activities			
Profit before taxation from continuing operations		33,886	41,540
Profit before taxation from discontinuing operations	4(a)	—	25,794
Adjustments for:			
— Interest income		(7,498)	(1,676)
— Dividend income	5	(5,148)	(10,279)
— Fair value changes of financial assets at fair value through profit or loss	5	(5,262)	(33)
— Fair value gain on investment properties	14	(16,671)	(7,953)
— Gain on disposal of subsidiaries	4(a), (b)	—	(36,642)
— Loss on deemed disposal of an associate		—	1,411
— Written-off of property, plant and equipment	5	10	—
— Depreciation on property, plant and equipment	6(c)	2,109	7,707
— Depreciation on right-of-use assets	6(c)	1,809	—
— Finance costs	6(a)	36,991	13,714
— Expected credit loss allowance on receivables	6(c)	2,129	1,756
— Share of results of an associate		—	(7,939)
— Exchange realignment		(26,700)	1,201
Operating profit before changes in working capital		15,655	28,601
Decrease/(increase) in inventories		1,961	(10,300)
Increase in trade and other receivables		(396,760)	(328,936)
Decrease/(increase) in finance lease receivables		32,607	(26,920)
(Increase)/decrease in loan receivables		(25,531)	30,120
Increase in trade and bills payables		475,418	53,556
Increase in other payables, accrued charges and deferred income		18,090	39,307
Increase in contract liabilities		25,216	3,500
Decrease in provision		—	(811)
Cash generated from /(used in) operations		146,656	(211,883)
Tax paid:			
— Hong Kong tax paid		(175)	(2,034)
— PRC tax paid		(7,754)	(4,342)
Interest received		7,498	1,106
Net cash generated from/(used in) operating activities		146,225	(217,153)

	Note	2020 HKD'000	2019 HKD'000
Investing activities			
Net cash outflow arising on disposal of subsidiaries	4(a), (b)	—	(7,940)
Purchase of property, plant and equipment		(28)	(3,010)
Payment for structured deposits		(253,058)	—
Proceeds from disposal of financial assets at fair value through other comprehensive income		4,833	—
Placement of pledged bank deposits		(47,676)	—
Dividend received	5	5,148	10,279
Net cash used in investing activities		(290,781)	(671)
Financing activities			
Capital element of lease rental paid	20(b)	(1,658)	—
Interest element of lease rental paid	20(b)	(388)	—
Proceeds from new loans	20(b)	603,259	275,708
Repayment of loans	20(b)	(359,386)	(226,653)
(Repayment to)/advance from a shareholder	20(b)	(70,000)	70,000
Proceeds from issuance of bond, net of commission paid and handling fee	20(b)	—	189,300
Repayment of bond	20(b)	—	(100,000)
Interest paid	20(b)	(22,372)	(6,466)
Net cash generated from financing activities		149,455	201,889
Net increase/(decrease) in cash and cash equivalents		4,899	(15,935)
Cash and cash equivalents at beginning of the year		105,034	121,287
Effect of foreign exchange rate changes		8,697	(318)
Cash and cash equivalents at end of the year	20(a)	118,630	105,034

The notes on pages 50 to 119 form part of the consolidated financial statements.

1. GENERAL

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

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

The consolidated financial statements of the Company and its subsidiaries (together the "**Group**") are presented in Hong Kong dollars ("**HKD**") which is same as the functional currency of the Company. The consolidated financial statements are presented in the nearest thousand (HKD'000) unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

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

(b) Basis of preparation of the consolidated financial statements

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

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

— other financial assets (see Note 2(f)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the consolidated financial statements *(Continued)*

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 34.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group as follows:

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see Note 37), except for the amendment to HKFRS 16, Covid-19-Related Rent Concessions which provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("**COVID-19-related rent concessions**") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The directors of the Company do not anticipate that the adoption of the amended HKFRSs will have a material impact on the consolidated financial statements for the current and prior periods and the related disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associate

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

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

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

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

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

(f) Other financial assets

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

Investment in equity securities and structured deposits are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 30(g). These investments are subsequently accounted for as follows, depending on their classification.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other financial assets *(Continued)*

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(t)(ii)).

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

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

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in Note 2(t)(vii).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Investment properties

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

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

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

(h) Property, plant and equipment

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

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

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

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

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

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

(a) Where the Group is the lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(b) Where the Group is the lessee

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Leased assets *(Continued)*

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognised a loss allowance for expected credit losses ("**ECLs**") on the following items:

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

— lease receivables.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Measurement of ECLs

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

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

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Significant increase in credit risk

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

Basis of calculation of interest income

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

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

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

— significant financial difficulties of the debtor;

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

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

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

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

Write-off policy

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(ii) Impairment of other non-current assets

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

— property, plant and equipment, including right-of-use assets; and

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

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

— Calculation of recoverable amount

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

— Recognition of impairment losses

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

— Reversals of impairment losses

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Inventories

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

Cost is calculated using the first-in, first-out method and comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

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

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

(m) Interest-bearing borrowings and bond

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

(n) Trade and other payables

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

(o) Contract liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(j)(i).

(q) Employee benefits

(i) Employee benefits entitlements

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

(ii) Pension obligations

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

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

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

(r) Income tax

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

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

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

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

  — the same taxable entity; or

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

(s) Provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Provisions and contingent liabilities *(Continued)*

(ii) Provisions and contingent liabilities

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

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

(t) Revenue and other income recognition

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

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

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

(i) Sales of goods

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

(ii) Interest income

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

(iii) Finance lease income

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income recognition *(Continued)*

(iv) Rental income

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

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

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

(vi) Consultancy fee income

Consultancy fee income is recognised when services are rendered.

(vii) Dividends

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

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

(viii) Handling fee income

Handling fee income are recognised when services are provided.

(ix) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(u) Translation of foreign currencies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Translation of foreign currencies *(Continued)*

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

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

(v) Borrowing costs

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

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

(w) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as discontinued operation occurs upon disposal.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss, which comprises:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(y) Segment reporting

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

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

3. REVENUE

Revenue represents the amounts received and receivable for goods sold, consultancy fee income, loan interest and handling fee income from money lending business, finance lease income from leasing business and rental income from property investment during the year, net of discounts and related value added tax or other taxes, and is analysed as follows:

	2020 HKD'000	2019 HKD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Consultancy fee income	—	11,963
— Sales of goods	2,975,532	1,433,446
	2,975,532	1,445,409
Revenue from other sources		
Finance lease income	8,698	8,460
Gross rentals from investment properties		
— Lease payment that are fixed	4,627	4,895
Loan interest income	5,626	4,314
Loan handling fee income	680	3,250
	19,631	20,919
	2,995,163	1,466,328

The Group will recognise the expected revenue from property investment and finance leases in future when or as the service is provided to the customers (see Note 14(b) and Note 16), which is expected to occur over the next 12 to 48 months (2019: next 12 to 48 months).

4. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

(a) On 31 May 2019, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with a purchaser pursuant to which the Group has agreed to dispose of the entire equity interest in Mega Grade Holdings Limited and its subsidiaries (the "**Mega Grade Group**") involving in manufacturing and trading of garments business for a cash consideration of Renminbi ("**RMB**") 10,000 (equivalent to HKD11,364) to the purchaser (the "**Disposal**"). Completion of the Disposal under the Equity Transfer Agreement took place on 31 May 2019 on which date control of the Mega Grade Group was passed to the purchaser. After the completion of the Disposal, the Mega Grade Group ceased to be subsidiaries of the Company and the assets, liabilities and financial results of the Mega Grade Group are no longer consolidated in the condensed consolidated financial statements of the Group. Details of the Disposal was set out in the announcement of the Company dated 31 May 2019.

The result from the discontinued manufacturing and trading of garments for the preceding period is analysed below.

Result of discontinued operation

	Period from 1 January to 31 May 2019 HKD'000
Revenue	62,743
Direct costs and operating expenses	(65,521)
Other revenue	1,315
Other net gains	259
Administrative expenses	(6,515)
Selling expenses	(1,279)
Loss from operations	(8,998)
Finance costs	(1,092)
Loss before taxation	(10,090)
Income tax expense	(2,764)
Results from operating activities, net of tax	(12,854)
Gain on sales of discontinued operation	35,884
Profit from discontinued operation for the period, net of tax	23,030

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

(a) *(Continued)*

The net cash flows incurred by discontinued operation

	Period from 1 January to 31 May 2019 HKD'000
Net cash used in operating activities	(17,714)
Net cash generated from investing activities	74
Net cash generated from financing activities	18,032
Net cash inflows	392

Disposal of subsidiaries

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

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

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

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

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

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

	2020 HKD'000	2019 HKD'000
Other revenue		
Dividend income	5,148	10,279
Interest income	1,317	327
Interest income from supply chain financing arrangements	6,181	1,349
Handling fee income from supply chain financing arrangements	1,905	139
Government grants (Note)	441	—
Sundry income	11	—
	15,003	12,094
Other net gains/(losses)		
Gain on disposal of subsidiaries (see Note 4(b))	—	758
Loss on deemed disposal of an associate	—	(1,411)
Written-off of property, plant and equipment	(10)	—
Fair value changes of financial assets at fair value through profit or loss (see Note 19)	5,262	33
Other	105	—
	5,357	(620)

Note:

In 2020, an indirect wholly-owned subsidiary of the Company successfully applied for funding support from the Employment Support Scheme under the COVID-19 Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, it is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the submitted and approved list of employees.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging:

		2020 HKD'000	2019 HKD'000
(a)	**Finance costs:**		
	Interest on bonds	13,876	7,548
	Interest on borrowings	22,372	3,658
	Interest on lease liabilities	388	—
	Commission paid for issuance of bond	—	2,236
	Handling fee for issuance of bonds	355	272
		36,991	13,714
(b)	**Staff costs (including directors' remuneration in Note 8):**		
	Salaries, wages, bonus and allowances	20,163	13,145
	Contributions to defined contribution retirement plans	736	1,146
	Staff welfare and benefits	558	451
		21,457	14,742
(c)	**Other items:**		
	Auditor's remuneration	1,115	1,121
	Cost of inventories sold	2,922,968	1,411,507
	Depreciation on property, plant and equipment	2,109	2,108
	Depreciation on right-of-use assets	1,809	—
	Expected credit loss allowance on receivables	2,129	1,756

7. INCOME TAX EXPENSE

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

	2020 HKD'000	2019 HKD'000
Current tax		
— Hong Kong Profits Tax	—	150
— (Over)/under-provision in respect of prior years	(304)	16
— The PRC Enterprises Income Tax	8,766	7,901
	8,462	8,067
Deferred tax (Note 27(a))		
— Hong Kong	(28)	—
— The PRC	4,168	1,992
	4,140	1,992
Income tax expense	12,602	10,059

The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HKD2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.

The provision for Hong Kong Profits Tax for 2020 takes into account a reduction granted by the Hong Kong SAR Government of 100% of the tax payable for the year of assessment 2019/20 subject to a maximum reduction of HKD20,000 for each business (2019: a maximum reduction of HKD20,000 was granted for the year of assessment 2018/19 and was taken into account in calculating the provision for 2019).

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

7. INCOME TAX EXPENSE *(Continued)*

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

	2020 HKD'000	2019 HKD'000
Profit before taxation	**33,886**	41,540
Notional tax on profit before taxation, calculated at the rates applicable to profit in jurisdictions concerned	**10,274**	9,255
Tax effect of share of results of an associate	**—**	(1,310)
Tax effect of expenses not deductible for tax purposes	**4,806**	2,386
Tax effect of income not taxable	**(6,597)**	(1,690)
Tax effect of utilisation of tax losses previously not recognised	**—**	(442)
Tax effect of tax losses not recognised	**292**	—
(Over)/under-provision in prior years	**(304)**	16
Tax effect of temporary difference not recognised	**4,131**	1,990
Others	**—**	(146)
Income tax expense	**12,602**	10,059

8. DIRECTORS' EMOLUMENTS

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

	Directors' fees		Salaries, allowances and benefits in kind		Discretionary bonus		Retirement scheme contributions		Total	
	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000
Chairman and executive director										
Wang Jian	–	–	468	663	–	–	18	18	486	681
Executive directors										
Qian Pu	–	–	1,503	769	2,225	66	57	65	3,785	900
Ning Jie (appointed on 25 September 2020)	–	–	96	–	–	–	5	–	101	–
Feng Guoming (resigned on 18 September 2020)	–	–	283	429	–	–	13	18	296	447
Non-executive directors										
Law Fei Shing	–	–	871	871	–	–	18	18	889	889
Shin Yick Fabian	–	–	390	390	–	–	18	18	408	408
Independent non-executive directors										
Zheng Suijun	264	264	–	–	–	–	–	–	264	264
Chan Kin Sang	264	264	–	–	–	–	–	–	264	264
Chan Ngai Sang, Kenny (appointed on 1 October 2019)	264	66	–	–	–	–	–	–	264	66
Liu Kam Lung (resigned on 1 October 2019)	–	198	–	–	–	–	–	–	–	198
	792	792	3,611	3,122	2,225	66	129	137	6,757	4,117

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to the directors and the chief executive officer as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, neither the chief executive officer nor any of the directors waived any emoluments during the years ended 31 December 2020 and 2019.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2019: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2019: two) individuals are as follows:

	2020 HKD'000	2019 HKD'000
Salaries and other emoluments	**1,871**	1,235
Discretionary bonus	**267**	168
Retirement scheme contributions	**54**	36
	2,192	1,439

The emoluments of the three (2019: two) individuals with the highest emoluments are within the following bands:

	No. of individuals	
	2020	2019
HKDNil — HKD1,000,000	**3**	2

10. EARNINGS PER SHARE

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

	2020 HKD'000	2019 HKD'000
Earnings		
Profit attributable to equity shareholders of the Company		
— From continuing operations	**21,284**	31,481
— From discontinued operation	**—**	23,030
	21,284	54,511
Number of shares	**'000**	'000
Weighted average number of ordinary shares in issue	**2,900,000**	2,900,000

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

11. SEGMENT REPORTING

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

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

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

After the disposal as described in Note 4(a), the manufacturing and trading of garment was discontinued from 31 May 2019.

The Group's operations are monitored with strategic decisions which are made on the basis of operating results, consolidated assets and liabilities as reflected in the consolidated financial statements.

(a) Operating segment

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

	Continuing operations					
Year ended 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Disaggregated by timing of revenue recognition						
Point in time	2,975,532	1,591	—	680	—	2,977,803
Over time	—	7,107	4,627	5,626	—	17,360
Revenue from external customers	2,975,532	8,698	4,627	6,306	—	2,995,163
Segment result	45,090	3,881	20,633	(1,092)	(135)	68,377
Reconciliation:						
Interest income						1,317
Unallocated other net gains						95
Corporate and other unallocated expenses						(12,598)
Finance costs						(36,991)
Other revenue						13,686
Profit before taxation						33,886
Income tax expense						(12,602)
Profit for the year						21,284

11. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

Year ended 31 December 2019	Continuing operations						Discontinued operation	
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000 (Note 4(a))	Total HKD'000
Disaggregated by timing of revenue recognition								
Point in time	1,445,409	—	—	3,250	—	1,448,659	62,735	1,511,394
Over time	—	8,460	4,895	4,314	—	17,669	8	17,677
Revenue from external customers	1,445,409	8,460	4,895	7,564	—	1,466,328	62,743	1,529,071
Segment result	28,517	2,694	12,057	1,807	—	45,075	23,030	68,105
Reconciliation:								
Interest income								327
Unallocated other net losses								(620)
Corporate and other unallocated expenses								(9,234)
Finance costs								(13,714)
Other revenue								11,767
Share of results of an associate								7,939
Profit before taxation								64,570
Income tax expense								(10,059)
Profit for the year								54,511

11. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

Year ended 31 December 2020	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Segment assets	1,157,447	48,195	225,395	52,641	226,899	1,710,577
Reconciliation:						
Corporate and other unallocated assets						149,200
Total assets						1,859,777
Segment liabilities	979,567	11,235	39,455	2,327	—	1,032,584
Reconciliation:						
Deferred tax liabilities						26,402
Bonds						189,927
Corporate and other unallocated liabilities						80,075
Total liabilities						1,328,988

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

11. SEGMENT REPORTING *(Continued)*

(a) Operating segment *(Continued)*

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

Year ended 31 December 2020	Continuing operations					
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Total HKD'000
Other information						
Additions to non-current segment assets	3,917	1,998	—	—	—	5,915
Depreciation	1,209	696	—	42	—	1,947
Unallocated depreciation						1,971
						3,918

Year ended 31 December 2019	Continuing operations						Discontinued operation	
	Supply chain business HKD'000	Leasing business HKD'000	Property investment and consultancy HKD'000	Money lending business HKD'000	Securities investment HKD'000	Subtotal HKD'000	Manufacturing and trading of garment HKD'000 (Note 4(a))	Total HKD'000
Other information								
Additions to non-current segment assets	20	59	—	—	—	79	2,791	2,870
Unallocated expenditure								140
								3,010
Depreciation	1	102	—	42	—	145	5,599	5,744
Unallocated depreciation								1,963
								7,707

11. SEGMENT REPORTING *(Continued)*

(b) Geographical information

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

	2020 HKD'000	2019 HKD'000
The PRC	**2,988,857**	1,458,764
Hong Kong	**6,306**	7,564
	2,995,163	1,466,328

The Group's information about its non-current assets (excluding financial assets at fair value through other comprehensive income) from continuing operations by geographic location is as follows:

	2020 HKD'000	2019 HKD'000
The PRC	**252,585**	236,166
Hong Kong	**67,500**	69,077
	320,085	305,243

(c) Major customers

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

	2020 HKD'000	2019 HKD'000
Customer A[1]	**989,810**	N/A
Customer B[2]	**N/A**	610,319

1 The corresponding revenue from this customer did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2019.

2 Revenue from this customer contributed less than 10% of the total revenue of the Group for the year ended 31 December 2020.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HKD'000	Property held for own-use HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Motor vehicles HKD'000	Total HKD'000
Cost						
At 1 January 2019	2,664	71,332	176,064	8,258	11,070	269,388
Exchange realignment	(21)	—	(466)	(16)	(2)	(505)
Additions	2,422	—	19	550	19	3,010
Disposals	—	—	—	(33)	—	(33)
Disposals of subsidiaries (Note 4)	(4,347)	—	(175,617)	(8,149)	(10,516)	(198,629)
At 31 December 2019	718	71,332	—	610	571	73,231
At 1 January 2020	718	71,332	—	610	571	73,231
Exchange realignment	—	—	—	27	—	27
Additions	—	—	—	28	—	28
Written-off	—	—	—	(28)	—	(28)
At 31 December 2020	718	71,332	—	637	571	73,258
Accumulated depreciation and impairment						
At 1 January 2019	2,081	281	166,150	6,837	7,493	182,842
Exchange realignment	(21)	—	(378)	15	5	(379)
Provided for the year	2,328	1,829	2,153	733	664	7,707
Eliminated on disposals	—	—	—	(33)	—	(33)
Eliminated on disposals of subsidiaries (Note 4)	(3,789)	—	(167,925)	(7,212)	(7,840)	(186,766)
At 31 December 2019	599	2,110	—	340	322	3,371
At 1 January 2020	599	2,110	—	340	322	3,371
Exchange realignment	—	—	—	17	—	17
Provided for the year	28	1,829	—	139	113	2,109
Written-off	—	—	—	(18)	—	(18)
At 31 December 2020	627	3,939	—	478	435	5,479
Carrying amount						
At 31 December 2020	91	67,393	—	159	136	67,779
At 31 December 2019	119	69,222	—	270	249	69,860

The property held for own-use is located in Hong Kong on a long-term lease. At 31 December 2020, the Group's property with an aggregate carrying amount of HKD67,393,000 (2019: nil) was pledged to a third party for loans granted to the Group (Note 25(b)).

13. RIGHT-OF-USE ASSETS

	Leased properties HKD'000
Cost	
At 1 January 2019, 31 December 2019 and 1 January 2020	—
Additions	5,887
Exchange realignment	383
At 31 December 2020	6,270
Accumulated depreciation	
At 1 January 2019, 31 December 2019 and 1 January 2020	—
Charge for the year	1,809
Exchange realignment	107
At 31 December 2020	1,916
Carrying amount	
At 31 December 2020	4,354
At 31 December 2019	—

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 HKD'000	2019 HKD'000
Depreciation on right-of-use assets (Note 6(c))	1,809	—
Interest on lease liabilities (Note 6(a))	388	—

During the year, the Group entered into a number of lease agreements for its PRC offices, and therefore recognised the additions to right-of-use assets of HKD5,887,000 (2019: nil). The leases typically run for a period of 3 years (2019: nil).

The leases of offices contain minimum annual lease payment terms that are fixed. These payment terms are common in offices in the PRC where the Group operates.

As disclosed in Note 2(c), the Group has early adopted the Amendment to HKFRS 16, Leases, COVID-19-Related Rent Concessions. During the year, the Group did not receive any rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures due to the spread of COVID-19. Therefore, the Amendment has no impact on the Group during the year.

14. INVESTMENT PROPERTIES

	2020 HKD'000	2019 HKD'000
At the beginning of the year	**191,056**	186,683
Exchange realignment	**13,716**	(3,580)
Fair value gain	**16,671**	7,953
At the end of the year	**221,443**	191,056

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

At 31 December 2020, the Group's investment properties with an aggregate carrying amount of HKD221,443,000 (2019: HKD191,056,000), were pledged to bank for loans granted to the Group (Note 25(a)).

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

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

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

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

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

The fair value of the Group's investment properties at 31 December 2020 has been arrived at on the basis of valuation by 深圳市國正信資產評估土地房地產估價有限公司, an independent qualified professional valuer not connected with the Group. A valuation report with analysis of changes in fair value measurement has been prepared by the valuer and reviewed and approved by management.

The fair value of the Group's investment properties situated in the PRC is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a discount specific to the quality and location of the properties compared to the recent sales, and are therefore grouped into Level 3 of fair value measurement.

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

14. INVESTMENT PROPERTIES *(Continued)*

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

Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Investment properties for commercial use, situated in the PRC	Direct comparison approach	Selling price of similar properties in the nearest locality	RMB10,526/m2 to RMB14,800/m2 (2019: RMB9,901/m2 to RMB11,364/m2)	The higher the selling price of similar properties in the nearest locality used, the higher the fair value
		Adjustment to price per square foot in relation to quality of properties (e.g. location, size, level and condition with reference to comparables)	10% - 19% (2019: 6% - 14%)	The higher the quality of properties with reference to the comparables, the higher the fair value *(N.B. The higher adjustment percentage, the lower price per square foot)*

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

	2020 HKD'000	2019 HKD'000
At the beginning of the year	191,056	186,683
Exchange realignment	13,716	(3,580)
Fair value adjustment	16,671	7,953
At the end of the year	221,443	191,056

(b) Assets leased out under operating lease

The Group leases out investment properties under an operating lease. The lease runs for an initial period of 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased every 2 to 5 years to reflect market rentals. The lease does not include contingent rentals.

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

14. INVESTMENT PROPERTIES *(Continued)*

(b) Assets leased out under operating lease *(Continued)*

Total future minimum lease payments receivable under the non-cancellable operating lease is as follows:

	2020 HKD'000	2019 HKD'000
Within 1 year	**5,764**	5,815
After 1 year but within 2 years	**3,843**	5,815
After 2 years but within 3 years	**—**	3,877
	9,607	15,507

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HKD'000	2019 HKD'000
Financial assets at fair value through other comprehensive income ("**FVOCI**")		
— Listed equity securities in Hong Kong	**41,366**	63,548
— Unlisted equity securities in Hong Kong (Note 30(g)(i))	**180,123**	175,112
	221,489	238,660

Certain listed equity securities with carrying amount of approximately HKD10,950,000 (2019: nil) are pledged to a third party to secure for other borrowings (see Note 25(b)).

The unlisted equity securities are 13,921,278 (2019: 13,921,278) ordinary shares held in Golden Affluent Limited ("**Golden Affluent**"). Golden Affluent is incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding and its subsidiaries are engaged in the provision of financial and bullion services in Hong Kong and private investment management services in the PRC. The Group designated its investment in Golden Affluent at FVOCI (non-recycling) as the investment is held for strategic purposes. All of the unlisted equity securities are pledged to an independent third party to secure for the bonds (see Note 24).

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

16. FINANCE LEASE RECEIVABLES

	2020 HKD'000	2019 HKD'000
Non-current finance lease receivables	**26,957**	44,894
Current finance lease receivables	**19,372**	30,942
	46,329	75,836
Less: Expected credit loss allowance		
— Non-current portion	**(448)**	(567)
— Current portion	**(312)**	(394)
	(760)	(961)
	45,569	74,875

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

	Minimum lease payments receivable		Present value of minimum lease payments	
	2020 HKD'000	2019 HKD'000	2020 HKD'000	2019 HKD'000
Within one year	**23,198**	41,209	**19,372**	30,942
After 1 year but within 2 years	**13,750**	33,069	**15,562**	31,918
After 2 years but within 3 years	**5,800**	9,366	**8,275**	9,657
After 3 years but within 4 years	**5,124**	4,407	**3,120**	3,319
	47,872	88,051	**46,329**	75,836
Less: Unearned interest income	**(1,543)**	(12,215)	**—**	—
Present value of minimum lease payments receivable	**46,329**	75,836	**46,329**	75,836

Certain motor vehicles and machineries are leased out under finance leases with lease terms of 24 to 48 months (2019: 24 to 48 months). The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The interest rate is ranging from 6.2% to 12% (2019: 6.2% to 12%) per annum.

Finance lease receivables are secured over the motor vehicles and machineries leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

17. TRADE AND OTHER RECEIVABLES

	2020 HKD'000	2019 HKD'000
Trade receivables, net of expected credit loss allowance (Note 30 (a))	685,397	333,936
Other receivables, net of expected credit loss allowance (Note 30 (a))	78,203	29,148
	763,600	363,084
Deposits and prepayments	54,706	12,345
	818,306	375,429

Ageing analysis

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

	2020 HKD'000	2019 HKD'000
Within 1 month	418,540	228,818
1 to 3 months	30,438	103,066
3 to 12 months	235,192	1,884
Over 12 months	1,227	168
	685,397	333,936

18. LOAN RECEIVABLES

The loan receivables from the money lending business are provided to an independent third party after credit assessment on the respective borrower, bear interest at 10% (2019: 12%) per annum and are repayable within 1 year (2019: 1 year).

As at 31 December 2020, the loan receivables amounting to HKD40,526,000 (2019: HKD14,995,000) are secured by charge over certain shares of a company listed on the Main Board of the Stock Exchange.

Details on the Group's credit policy are set out in Note 30(a).

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HKD'000	2019 HKD'000
Held for trading investments at fair value		
— Listed equity securities in Hong Kong	**108**	243
— Structured deposits	**273,897**	—
	274,005	243

The movements during the year in the balance as follows:

	2020 HKD'000	2019 HKD'000
At the beginning of the year	**243**	210
Additions	**253,058**	—
Exchange realignment	**15,442**	—
Fair value adjustment	**5,262**	33
At the end of the year	**274,005**	243

Note:

During the year, the Group placed principal-guaranteed structured deposits in reputable banks in the PRC amounting to RMB225,000,000 (equivalent to HKD268,178,000) (2019: nil). The structured deposits of RMB50,000,000 (equivalent to HKD59,595,000) are with terms of 365 days, the expected annual rates of returns include fixed rates ranging from 1.5% to 1.8% and floating rates for each deposit ranging from 0% to 2% which are indexed to the price of gold in Shanghai Gold Market and United States Dollars ("**USD**") 3-month London Interbank Offered Rate. The remaining structured deposits of RMB175,000,000 (equivalent to HKD208,583,000) are with terms of 364-365 days and the expected annual rates of returns are floating rate ranging from 1% to 3.6% which are indexed to a number of foreign exchanges' rates.

All of the structured deposits are pledged to the respective banks to secure certain bills payables made available to the Group.

20. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(a) Cash and cash equivalents comprise:

	2020 HKD'000	2019 HKD'000
Cash and bank balances	166,306	105,034
Less: pledged bank deposits	(47,676)	—
Cash and cash equivalents	118,630	105,034

Pledged bank deposits carry fixed interest rate of 2.25% (2019: nil) and represent deposits pledged to bank as guarantee deposits for bills payables to the Group. Therefore, the pledged bank deposits are classified as current assets.

Cash at banks earns interest of floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Shareholder's loan HKD'000	Bonds HKD'000 (Note 24)	Borrowings HKD'000 (Note 25)	Lease liabilities HKD'000 (Note 26)	Total HKD'000
At 1 January 2020	70,000	189,572	202,012	—	461,584
Changes from financing cash flows:					
Repayment to a shareholder	(70,000)	—	—	—	(70,000)
Proceeds from new loans	—	—	603,259	—	603,259
Repayment of loans	—	—	(359,386)	—	(359,386)
Capital element of lease rental paid	—	—	—	(1,658)	(1,658)
Interest element of lease rental paid	—	—	—	(388)	(388)
Interest paid	—	—	(22,372)	—	(22,372)
Total changes from financing cash flows	(70,000)	—	221,501	(2,046)	149,455
Exchange adjustments	—	—	25,451	285	25,736
Other changes:					
Increase in lease liabilities from entering into new leases during the period	—	—	—	5,887	5,887
Interest expenses	—	—	22,372	388	22,760
Handling fee for issuance of bonds (Note 6(a))	—	355	—	—	355
Total other changes	—	355	22,372	6,275	29,002
At 31 December 2020	—	189,927	471,336	4,514	665,777

20. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS *(Continued)*

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

	Shareholder's loan HKD'000	Bonds HKD'000 (Note 24)	Borrowings HKD'000 (Note 25)	Total HKD'000
At 1 January 2019	—	97,764	209,042	306,806
Changes from financing cash flows:				
Advance from a shareholder	70,000	—	—	70,000
Proceeds from new loans	—	—	275,708	275,708
Repayment of loans	—	—	(226,653)	(226,653)
Proceeds from issuance of bond, net of commission paid and handling fee	—	189,300	—	189,300
Repayment of bond	—	(100,000)	—	(100,000)
Interest paid	—	(2,808)	(3,658)	(6,466)
Total changes from financing cash flows	70,000	86,492	45,397	201,889
Exchange adjustments	—	—	670	670
Other changes:				
Disposal of subsidiaries (Note 4(a))	—	—	(56,755)	(56,755)
Interest expenses	—	2,808	3,658	6,466
Commission paid for issuance of bond (Note 6(a))	—	2,236	—	2,236
Handling fee for issuance of bonds (Note 6(a))	—	272	—	272
Total other changes	—	5,316	(53,097)	(47,781)
At 31 December 2019	70,000	189,572	202,012	461,584

Note: Borrowings consist of bank loans, shareholder's loan and other borrowings as disclosed in Note 25.

21. TRADE AND BILLS PAYABLES

	2020 HKD'000	2019 HKD'000
Trade payables	**36,948**	65,301
Bills payable	**507,921**	—
	544,869	65,301

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

	2020 HKD'000	2019 HKD'000
Within 1 month	**25,717**	50,033
1 to 3 months	**1,064**	12,452
3 to 12 months	**517,167**	2,656
Over 12 months	**921**	160
	544,869	65,301

As at 31 December 2020, the Group has HKD507,921,000 (2019: nil) bills payables in which amount of HKD184,745,000 (2019: nil) are secured by corporate guarantee from the Company and investment properties of the Group, and amount of HKD323,176,000 (2019: nil) are secured by structured deposits and pledged bank deposits respectively.

22. OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED INCOME

	2020 HKD'000	2019 HKD'000
Accrued staff costs, welfare and benefits (including accrued directors' remunerations)	**8,226**	1,874
Deposits received for finance lease	**7,603**	9,454
Other deposits received	**9,931**	665
Sales deposits received	**3,192**	1,118
Rental deposits received	**1,018**	954
Interest payables	**19,486**	5,198
Deferred income (Note)	**2,854**	—
Others (including professional fee payables)	**1,567**	768
	53,877	20,031

22. OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED INCOME *(Continued)*

Note:

Deferred income represents the interest income received from other receivables but deferred to recognise as other revenue until the services are performed and is expected to be settled within one year.

	2020 HKD'000	2019 HKD'000
At the beginning of the year	—	—
Additions	8,293	—
Recognised during the year	(5,601)	—
Exchange realignment	162	—
At the end of the year	2,854	—

23. CONTRACT LIABILITIES

These represent received in advance under the sales contracts with customers.

Movements in contract liabilities during the year are as follows:

	2020 HKD'000	2019 HKD'000
At 1 January	3,756	256
Decrease in contract liabilities as a result of recognising revenue	(3,756)	—
Increase in contract liabilities as a result of receipts in advance of performance	28,972	3,500
Exchange realignment	1,757	—
At 31 December	30,729	3,756

24. BONDS

	2020 HKD'000	2019 HKD'000
Bonds carried at fixed coupon rate of 7% to 7.5% (2019: 7% to 7.5%) per annum	**189,927**	189,572

After the repayment of the 5% coupon unlisted bond with the principal amount of HKD100,000,000 in July 2019, the Company entered into two other placing agreements with the placing agent, a subsidiary of Golden Affluent, pursuant to which the Company issued 7.5% and 7% coupon unlisted bonds on 18 July 2019 and 15 October 2019 with the principal amounts of HKD100,000,000 and HKD90,000,000, respectively. These amounts are repayable within 12 months from the respective date of issue, which are 17 July 2020 and 14 October 2020, respectively. On 31 March 2020, the Company entered into supplemental agreements to extend the maturity date of the 7.5% and the 7% coupon unlisted bonds to 17 January 2021 and 14 April 2021 respectively. On 30 November 2020, the Company entered into second supplemental agreements to revise the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 17 March 2021, which were also secured by the financial assets at FVOCI of the Group (see Note 15). On 15 March 2021, the Company entered into third supplemental agreements to extend the maturity date of both the 7.5% and the 7% coupon unlisted bonds to 25 March 2021. The bonds were subsequently fully settled by the Company on 24 March 2021.

The handling fee for issuance of bonds on 18 July 2019 and 15 October 2019 amounting HKD700,000 are incurred and amortised over the expected life of the bonds.

25. BORROWINGS

	2020 HKD'000	2019 HKD'000
Bank loans, secured (Note (a))	**428,336**	151,724
Other borrowings, secured (Note (b))	**43,000**	—
Other borrowing, unsecured (Note (c))	**—**	50,288
Shareholder's loan, unsecured (Note (d))	**—**	70,000
	471,336	272,012

25. BORROWINGS *(Continued)*

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

	2020 HKD'000	2019 HKD'000
Within 1 year	**437,622**	236,082
After 1 year but within 2 years	**4,915**	4,321
After 2 years but within 5 years	**28,799**	31,609
	471,336	272,012
Less: Amount due within one year or repayable on demand classified as current liabilities	**(437,622)**	(236,082)
	33,714	35,930

Notes:

(a) At 31 December 2020, bank loans of HKD238,380,000 (2019: HKD111,750,000) and HKD38,322,000 (2019: HKD39,974,000) were secured by corporate guarantee from the Company and investment properties of the Group and properties from an independent third party, interest-bearing at 5.4% per annum (2019: 7%) and 6.37% (2019: 6.37%) per annum, respectively.

A general banking facility from a bank amounting to RMB150,000,000 (equivalent to approximately HKD178,785,000) (2019: nil) is secured by corporate guarantee and properties from independent third parties. The facility is utilised to the extent of RMB127,220,000 (equivalent to HKD151,634,000), interest-bearing at 6.5% per annum.

(b) Other borrowings are obtained from independent third parties. Amounts of HKD6,000,000 (2019: nil) and HKD37,000,000 (2019: nil) are secured by certain listed shares with carrying amount of approximately HKD10,950,000 (2019: nil) in financial assets at fair value through other comprehensive income and a property of the Group respectively, both amounts were also secured by corporate guarantee from the Company, interest-bearing at 10% (2019: nil) per annum and repayable within 12 months (2019: nil).

(c) It was unsecured, interest-bearing at 8% per annum and was repayable within 6 months. The other borrowing has been repaid during the year.

(d) The loan was from an Executive Director of the Company who is also one of the substantial shareholders and was unsecured, interest free and repayable on demand. The shareholder's loan has been repaid during the year.

26. LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	2020		2019	
	Present value of the minimum lease payments HKD'000	**Total minimum lease payments HKD'000**	Present value of the minimum lease payments HKD'000	Total minimum lease payments HKD'000
Within 1 year	**2,071**	**2,365**	—	—
After 1 year but within 2 years	**2,443**	**2,561**	—	—
	4,514	**4,926**	—	—
Less: Total future interest expenses		**(412)**		—
Present value of lease liabilities		**4,514**		—

27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax (assets)/liabilities recognised

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

	Tax losses HKD'000	**Accelerated tax depreciation** HKD'000	**Fair value changes of held for trading investment** HKD'000	**Investment properties** HKD'000	**Other temporary differences** HKD'000	**Total** HKD'000
At 1 January 2019	(408)	416	(32)	19,053	(4,786)	14,243
Effect of changes in exchange rate	—	—	—	(383)	(4)	(387)
Charged to profit or loss	—	(1)	5	1,988	2,755	4,747
Disposal of subsidiaries (Note 4(a))	408	(408)	—	—	2,035	2,035
At 31 December 2019 and 1 January 2020	—	7	(27)	20,658	—	20,638
Effect of changes in exchange rate	—	—	—	1,624	—	1,624
Charged to profit or loss (Note 7(a))	—	(7)	(21)	4,168	—	4,140
At 31 December 2020	—	—	(48)	26,450	—	26,402

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

(b) Deferred tax assets not recognised

At 31 December 2020, the Group has unused tax losses of approximately HKD686,000 (2019: HKD394,000). No deferred tax asset has been recognised in respect of the balance of approximately HKD686,000 (2019: HKD394,000) due to the unpredictability of future profit streams. No unrecognised tax losses that will expire within five years.

28. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

The Company

	Share capital HKD'000	Share premium HKD'000	Contributed surplus HKD'000	Accumulated losses HKD'000	Total HKD'000
At 1 January 2019	58,000	362,134	181,059	(213,915)	387,278
Changes in equity for the year ended 31 December 2019:					
Loss and total comprehensive income for the year	—	—	—	(15,242)	(15,242)
At 31 December 2019	58,000	362,134	181,059	(229,157)	372,036
At 1 January 2020	58,000	362,134	181,059	(229,157)	372,036
Changes in equity for the year ended 31 December 2020:					
Loss and total comprehensive income for the year	—	—	—	(21,473)	(21,473)
At 31 December 2020	58,000	362,134	181,059	(250,630)	350,563

(b) Dividend

The directors do not recommend the payment of any dividend for the year ended 31 December 2020 (2019: nil).

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

(c) Share capital

Authorised and issued share capital

	2020 No. of shares '000	**2020** HKD'000	2019 No. of shares '000	2019 HKD'000
Authorised:				
At the beginning and end of the year	**10,000,000**	**200,000**	10,000,000	200,000
Ordinary shares, issued and fully paid:				
At the beginning and end of the year	**2,900,000**	**58,000**	2,900,000	58,000

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

(d) Nature and purpose of reserve

(i) *Share premium*

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

(ii) *Exchange reserve*

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

(iii) *Contributed surplus*

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

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

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

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

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

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

(iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see Note 2(f)).

(e) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

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

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

29. SHARE OPTION SCHEME

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

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

29. SHARE OPTION SCHEME *(Continued)*

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

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

No options under the Scheme were granted or exercised during the years ended 31 December 2020 and 2019 and there were no outstanding options at 31 December 2020 and 31 December 2019.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

(a) Credit risk

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

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

Loan receivables

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

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

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

(a) Credit risk *(Continued)*

Finance lease receivables

The Group applied the simplified approach to provide for expected credit losses prescribed by HKFRS 9 "Financial Instruments", which permits the use of the lifetime expected credit loss provision for finance lease receivables. For customers who purchased the motor vehicles or machineries under finance lease arrangement, the Group has policies in place to review their credit worthiness and charged a market interest rate based on their credit worthiness. Management monitors the scheduled instalment pattern and credit worthiness of the customers closely. In the event, the Group notices the deterioration of credit worthiness and default settlement of 2 months contractual instalments, the Group will repossess the assets up for sale. Management, considered among other factors, analysed historical pattern and concluded that the expected credit loss allowance for finance lease receivables to be HKD760,000 (2019: HKD961,000) during the current reporting period which are secured over the vehicles and machines leased.

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

	2020 HKD'000	2019 HKD'000
At the beginning of the year	961	—
(Reversal)/ provision of impairment loss	(250)	961
Exchange realignment	49	—
At the end of the year	760	961

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2020, the Group had a certain concentration of credit risk as 34% (2019: 41%) and 95% (2019: 83%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 30 to 365 days (2019: 30 to 60 days) from the date of billing. Overdue balances are monitored tightly and regularly.

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

(a) Credit risk *(Continued)*

Trade receivables (Continued)

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

ECLs rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The impairment for trade receivables for the year is provided upon the recognition of significant increase in credit risks and based on current economic situation and forward-looking information available to the management.

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

		2020	
	Expected loss rate %	Gross Carrying amount HKD'000	Loss allowance HKD'000
Current (not past due)	**0.18**	**684,868**	**(1,250)**
Less than 1 month past due	**20.85**	**—**	**—**
1 to 3 months past due	**33.49**	**1,114**	**(373)**
3 to 12 months past due	**33.49**	**—**	**—**
Over 12 months past due	**33.49**	**1,561**	**(523)**
		687,543	**(2,146)**

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

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

(a) Credit risk *(Continued)*

Trade receivables (Continued)

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

	2020 HKD'000	2019 HKD'000
At the beginning of the year	272	—
Impairment loss recognised	1,752	272
Exchange realignment	122	—
At the end of the year	2,146	272

Other receivables and deposits

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 12-month ECLs. At 31 December 2020, the Group assessed that the cumulative expected credit loss for other receivables from supply chain finance arrangements to be approximately HKD1,223,000 (2019: HKD523,000). For supply chain financing arrangements, the Group has developed a series of policies to mitigate credit risk, including obtaining security deposit and guarantee from an enterprise or individual, depending on the customers' credit status and credit risk degree. The management periodically evaluates the capability of the guarantor.

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

	2020 HKD'000	2019 HKD'000
At the beginning of the year	523	—
Impairment loss recognised	627	523
Exchange realignment	73	—
At the end of the year	1,223	523

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

(b) Liquidity risk

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

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

	At 31 December 2020					At 31 December 2019				
	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amount HKD'000	Within 1 year or on demand HKD'000	More than 1 year but less than 2 years HKD'000	More than 2 years HKD'000	Total contractual undiscounted cash flow HKD'000	Carrying amount HKD'000
Trade and bills payables	544,869	–	–	544,869	544,869	65,301	–	–	65,301	65,301
Other payables and accrued charges	51,023	–	–	51,023	51,023	20,031	–	–	20,031	20,031
Bonds	211,489	–	–	211,489	189,927	203,800	–	–	203,800	189,572
Borrowings+	458,724	6,948	33,610	499,282	471,336	246,797	6,514	38,026	291,337	272,012
Lease liabilities	2,365	2,561	–	4,926	4,514	–	–	–	–	–
	1,268,470	9,509	33,610	1,311,589	1,261,669	535,929	6,514	38,026	580,469	546,916

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

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

(c) Interest rate risk

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

(i) Interest rate profile

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

	At 31 December 2020		At 31 December 2019	
	Interest rate %	**HKD'000**	Interest rate %	HKD'000
Fixed rate deposits:				
Pledged bank deposits	**2.25**	**47,676**	—	—
Fixed rate receivables:				
Finance lease receivables	**8.02**	**46,329**	9.26	75,836
Loan receivables	**10.00**	**40,526**	12.00	14,995
		86,855		90,831
Fixed rate coupon bonds:				
Bonds	**7.26**	**(189,927)**	7.26	(189,572)
Fixed rate borrowings:				
Borrowings	**6.24**	**(433,014)**	8.00	(50,288)
Variable rate deposits:				
Bank deposits	**0.30**	**118,591**	0.16	104,991
Variable rate borrowings:				
Borrowings	**6.37**	**(38,322)**	6.83	(151,724)
Net variable rate exposure		**80,269**		(46,733)

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

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points (2019: 100 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax by approximately HKD670,000 (2019: decrease/increase the Group profit after tax by approximately HKD390,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for the year ended 31 December 2019.

(d) Currency risk

The Group's business activities and its assets and liabilities were denominated in HKD and RMB. The management considers the Group is not exposed to significant foreign currency risk as most sales, income, purchases and expenses are denominated in the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at fair value through other comprehensive income and fair value through profit or loss (see Notes 15 and 19).

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

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

(e) Equity price risk *(Continued)*

At 31 December 2020, it is estimated that an increase/decrease of 5% (2019: 5%) in the relevant stock market index, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits as follows:

	2020			2019		
	Increase/ (decrease) in equity price rate	Effect on profit after tax HKD'000	Effect on retained profits HKD'000	Increase/ (decrease) in equity price rate	Effect on profit after tax HKD'000	Effect on retained profits HKD'000
Change in the relevant equity price risk variable:						
Increase	5%	1,732	1,732	5%	2,663	2,663
(Decrease)	(5%)	(1,732)	(1,732)	(5%)	(2,663)	(2,663)

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables. The analysis is performed on the same basis for the year ended 31 December 2019.

(f) Categories of financial instruments

	2020 HKD'000	2019 HKD'000
Financial assets		
Finance assets at amortised cost (including cash and cash equivalents)	1,017,773	558,687
Financial assets at FVOCI	221,489	238,660
Financial assets at FVPL	274,005	243
	1,513,267	797,590
Financial liabilities		
Financial liabilities at amortised cost	1,261,669	546,916

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

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

The Group's finance department which led by the Group's financial controller, performs the valuations of financial assets (including Level 3 fair values) required for financial reporting purposes and independent external valuers will be engaged for expert opinions if needed. Discussions of valuation processes and results are held by the board members and Audit Committee at least twice every year, which is in line with the Group's reporting periods.

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

	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into			Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
Recurring fair value measurements								
Assets:								
Financial assets measured at FVOCI								
— Listed equity securities	41,366	41,366	—	—	63,548	63,548	—	—
— Unlisted equity securities	180,123	—	—	180,123	175,112	—	—	175,112
Financial assets measured at FVPL								
— Listed equity securities	108	108	—	—	243	243	—	—
— Structured deposits	273,897	—	273,897	—	—	—	—	—

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 for both reporting periods. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

(g) Fair value measurement *(Continued)*

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

Valuation techniques and inputs used in Level 2 fair value measurement

The fair value of financial assets in Level 2 is determined by discounting the expected future cash flows at prevailing market interest rate as at the end of the reporting period. The discount rates used are derived from the price of gold in Shanghai Gold Market, USD 3-month London Interbank Offered Rate and relevant foreign exchange's rate as at the end of the reporting period plus an adequate constant credit spread.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Unlisted equity instrument	Discounted cash flow model	Discount rate	10.0% (2019: 10.6%)

The fair value of unlisted equity investments is determined using the income approach, in this approach, the discounted cash flows method was used to capture the present value of the expected future economic benefits to be derived from the equity ownership of these unlisted securities. The fair value measurement is negatively correlated to the discount rate. As at 31 December 2020, it is estimated that with all other variable held constant, a decrease/increase in discount rate by 5% would have increased/decreased the Group's other comprehensive income by approximately HKD10,111,000/HKD8,757,000 (2019: increased HKD1,999,000/decreased HKD1,950,000).

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

	2020 HKD'000	2019 HKD'000
Unlisted equity investments:		
At 1 January	**175,112**	—
Transferred from investment in an associate	**—**	170,682
Changes in fair value	**5,011**	4,430
At 31 December	**180,123**	175,112

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

31. FINANCIAL GUARANTEES ISSUED

At 31 December 2020, the Company had issued corporate guarantees amounting to HKD435 million (2019: HKD112 million) and HKD43 million (2019: HKD57 million) to banks and an independent third party, respectively, in connection with facilities granted to subsidiaries.

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

At 31 December 2020, the directors of the Company considered it is not probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued was the facilities drawn down by subsidiaries of HKD466 million (2019: a subsidiary of HKD112 million).

32. PLEDGE OF ASSETS

At 31 December 2020, the Group has the following charge on assets:

(i) The investment properties of the Group with carrying amount of approximately HKD221,443,000 (2019: HKD191,056,000) as disclosed in Note 14, it has been pledged to secure bank loans granted to the Group and pledged to secure for bank facilities.

(ii) The property and financial assets at fair value through other comprehensive income of the Group with carrying amounts of approximately HKD67,393,000 (2019: nil) and HKD10,950,000 (2019: nil) respectively were pledged to a third party to secure for parts of the other borrowings as disclosed in Note 12 and Note 15 respectively.

(iii) The structured deposits and pledged bank deposits of the Group entered with financial institutions during the year with carrying amount of approximately HKD273,897,000 (2019: nil) and HKD47,676,000 (2019: nil) as disclosed in Note 19 and Note 20 respectively, were pledged as guarantee deposits for bills payables to suppliers to the Group.

(iv) The financial assets at fair value through other comprehensive income of the Group with carrying amounts of approximately HKD180,123,000 (2019: nil) as disclosed in Note 15 was pledged to secure for the bonds.

33. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and the highest paid employees as disclosed in Note 9, is as follows:

	2020 HKD'000	2019 HKD'000
Salaries, allowances and other benefits	7,503	4,805
Contributions to defined contributions retirement plan	147	155
	7,650	4,960

Total remuneration is included in "Staff costs" (see Note 6(b)).

(b) Other related party transactions

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

Name of related party	Nature of transaction	2020 HKD'000	2019 HKD'000
From discontinued operation			
Companies in which a former	Sales of goods	—	499
subsidiary's director,	Rental and other income received	—	139
Mr. Cheng, had interests	License fee paid	—	376
or significant influence	Rental expenses paid	—	1,600

34. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Depreciation

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

34. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Impairments of property, plant and equipment

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

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

(c) Income taxes

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

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

(d) Valuation of investment properties

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

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

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

34. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Provision of ECLs for trade and other receivables and finance lease receivables *(Continued)*

Impairment loss on other receivables represent management's best estimate of losses incurred under ECL models. Management assesses whether the credit risk of other receivables have increased significantly since their initial recognition and apply a three-stage impairment model to calculate their ECL. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss on other receivables, including historical loss experience on the basis of the relevant observable data that reflects current economic conditions, all of which involves significant management judgments and assumptions.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. The information about the ECLs and the Group's trade and other receivables and finance lease receivables are disclosed in Note 17, Note 16 and Note 30(a). If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

(f) Estimate of fair value of equity investments

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods (such as discounted cash flow model) and makes assumptions that are mainly based on market conditions existing at each date of consolidated statement of financial position. Details of the key assumptions used and the impact of changes to these assumptions are described in Note 30(g).

35. SUBSIDIARIES

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

Name of subsidiary	Place of incorporation/ registration	Particular of issued and paid up capital/registered capital	Proportion of ownership interest held by the Company				Principal activities
			2020		2019		
			Directly	Indirectly	Directly	Indirectly	
Grand Mark Worldwide Limited	Hong Kong	1 share of HKD1 each	–	100%	–	100%	Money lending business and securities investment
Hua Tong Group Limited	British Virgin Islands	1 share of USD1 each	100%	–	100%	–	Investment holding
Marvel Innovation Investment Holdings Limited	Hong Kong	10,000 shares of HKD1 each	–	100%	–	100%	Securities investment
深圳金盛融資租賃有限公司#	The PRC	HKD100,000,000	100%	–	100%	–	Provision of leasing services
深圳金勝供應鏈有限公司#	The PRC	HKD100,000,000	–	100%	–	100%	Supply chain business
深圳金盛商業有限公司#	The PRC	RMB60,000,000	–	100%	–	100%	Property investment and consultancy
深圳金盛商業保理有限公司#	The PRC	HKD25,000,000	–	100%	–	100%	Provision of trade financing, accounts receivable management and debt collection services

Wholly foreign-owned enterprise in the PRC.

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

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HKD'000	2019 HKD'000
Non-current assets		
Investments in subsidiaries	**100,010**	100,010
Current assets		
Other receivables, prepayments and deposits	**420**	419
Amounts due from subsidiaries	**513,368**	535,191
Cash and cash equivalents	**1,053**	12,223
	514,841	547,833
Current liabilities		
Accrued charges	**19,667**	6,116
Amounts due to subsidiaries	**54,694**	10,119
Borrowings	**—**	70,000
Bonds	**189,927**	189,572
	264,288	275,807
Net current assets	**250,553**	272,026
NET ASSETS	**350,563**	372,036
CAPITAL AND RESERVES (Note 28(a))		
Share capital	**58,000**	58,000
Reserves	**292,563**	314,036
TOTAL EQUITY	**350,563**	372,036

37. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, one new standard and interpretations which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 7, Interest Rate Benchmark Reform — Phase 2	1 January 2021
Amendments to HKFRS 3, Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16, Property, plant and equipment: Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023

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

38. EVENTS AFTER THE REPORTING PERIOD

After the outbreak of 2019 Novel Coronavirus pneumonia (COVID-19) and its wide spread around the world since beginning of 2020, there is a turbulent and challenging situation facing by all different kinds of industries in the globe (including but not limited to Hong Kong and China markets whereas the group has major customers therein). The Group has already assessed the overall impact of the situation on the operation of the Group and a series of precautionary and control measures have been taken and continued to be implemented to limit and minimise the such impact to the Group on an ongoing process.

As at the reporting date, it is difficult to accurately quantify or estimate the various impacts of COVID-19 on the Group's operation, financial position and financial performance. The management will closely monitor and pay attention on the change of situation and make timely response and adjustments in the future.

38. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

Placing and subscription of new shares under specific mandate and a connected transaction involving subscription agreement

On 20 January 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 720,000,000 new shares (the "**New Placing Shares**") at the placing price of HKD0.2 per New Placing Share. The New Placing Shares would be issued under the specific mandate to be obtained at the special general meeting of the Company on 12 March 2021 pursuant to the Company's circular dated 23 February 2021.

On the same date of the above Company's announcement, the Company entered into a subscription agreement with the subscriber, Tengyue Holding Limited, who is a substantial shareholder which beneficially owns 812,000,000 shares, representing 28% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules. Pursuant to the subscription agreement, the subscriber has conditionally agreed to subscribe 280,000,000 new shares of the Company at the subscription price of HKD0.2 per subscription share. The subscription of share is also subject to the approval by shareholders at the special general meeting of the Company on 12 March 2021 pursuant to the Company's circular dated 23 February 2021.

Pursuant to the poll results of the special general meeting of the Company announced at 12 March 2021, all the above ordinary resolutions proposed for the New Placing Shares and the subscription agreement with the subscriber were duly passed and approved by shareholders.

Subsequently on 24 March 2021, the Company received the net proceeds of approximately HKD198,200,000 from the abovementioned New Placing Shares and the subscription of new shares.

39. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March 2017 HKD'000	Period from 1 April 2017 to 31 December 2017 HKD'000	Year ended 31 December 2018 HKD'000	Year ended 31 December 2019 HKD'000	**Year ended 31 December 2020 HKD'000**
Continuing operations					
Revenue	221,782	751,469	1,080,517	1,466,328	**2,995,163**
(Loss)/profit from operations	(26,132)	65,475	19,412	47,315	**70,877**
Finance costs	(852)	(6,598)	(8,372)	(13,714)	**(36,991)**
Share of results of an associate	—	—	(4,045)	7,939	**—**
(Loss)/profit before taxation	(26,984)	58,877	6,995	41,540	**33,886**
Income tax expense	(70)	(20,788)	(3,946)	(10,059)	**(12,602)**
(Loss)/profit for the year/period from continuing operations	(27,054)	38,089	3,049	31,481	**21,284**
Discontinued operations					
(Loss)/profit for the year/period from discontinued operations	(2,102)	(7,581)	(12,103)	23,030	**—**
(Loss)/profit for the year/period	(29,156)	30,508	(9,054)	54,511	**21,284**
Attributable to:					
Equity shareholders of the Company	(28,919)	39,203	(9,041)	54,511	**21,284**
Non-controlling interests	(237)	(8,695)	(13)	—	**—**
	(29,156)	30,508	(9,054)	54,511	**21,284**

ASSETS AND LIABILITIES

	As at 31 March 2017 HKD'000	As at 31 December 2017 HKD'000	2018 HKD'000	2019 HKD'000	**2020 HKD'000**
Total assets	459,828	1,026,619	868,167	1,072,113	**1,859,777**
Total liabilities	(257,709)	(512,477)	(410,372)	(577,652)	**(1,328,988)**
Net assets	202,119	514,142	457,795	494,461	**530,789**
Equity attributable to equity shareholders of the Company	107,098	514,142	457,793	494,459	**530,787**
Non-controlling interests	95,021	—	2	2	**2**
Total equity	202,119	514,142	457,795	494,461	**530,789**