AMBER HILL
安山金控

Amber Hill Financial Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 33

Annual Report 2021

CONTENTS

CORPORATE INFORMATION

Executive Directors

Ng Yu *(Chairman)*
Lin Feng *(Appointed on 10 January 2020)*
Wei Weicheng *(Resigned on 25 August 2021)*
Huang Shao Long *(Appointed on 10 January 2020, re-designated as Non-executive Director on 19 March 2020 and resigned on 25 August 2021)*
Chan Chi Ming *(Appointed on 6 April 2020 and resigned on 1 April 2021)*
Zhao Hong Mei *(Failed to be re-elected on 4 September 2020)*
Li Junheng *(Not being re-elected on 10 January 2020)*

Non-executive Directors

Dai Chengyan *(Appointed on 25 August 2021)*
Huang Shao Long *(Appointed as Executive Director on 10 January 2020, re-designated on 19 March 2020 and resigned on 25 August 2021)*

Independent Non-executive Directors

Anthony Espina
Lo Hang Fong *(Appointed on 19 March 2020)*
Wang Jun Sheng

Executive Committee

Ng Yu *(Chairman)*
Lin Feng *(Appointed on 25 August 2021)*
Wei Weicheng *(Resigned on 25 August 2021)*
Chan Chi Ming *(Appointed on 6 April 2020 and resigned on 1 April 2021)*
Zhao Hong Mei *(Not being re-elected on 4 September 2020)*

Audit Committee

Anthony Espina *(Chairman)*
Wang Jun Sheng
Lo Hang Fong *(Appointed on 19 March 2020)*
Huang Shao Long *(Appointed on 19 March 2020 and resigned on 25 August 2021)*

Remuneration Committee

Wang Jun Sheng *(Chairman)*
Ng Yu *(Appointed on 19 March 2020)*
Anthony Espina

Nomination Committee

Wang Jun Sheng *(Chairman)*
Anthony Espina
Lin Feng *(Appointed on 25 August 2021)*
Wei Weicheng *(Resigned on 25 August 2021)*

Risk Management Committee

Lin Feng *(Chairman)* *(Appointed on 25 August 2021)*
Anthony Espina
Wang Jun Sheng *(Appointed on 19 March 2020)*
Wei Weicheng *(Resigned on 25 August 2021)*

Authorised Representatives

Ng Yu
Leong Kai Weng Subrina *(Appointed on 7 October 2021)*
Tsang King Sun *(resigned on 7 October 2021)*
Wei Weicheng *(Appointed on 30 December 2019 and resigned on 25 August 2021)*

Company Secretary

Leong Kai Weng Subrina *(Appointed on 7 October 2021)*
Tsang King Sun *(Resigned on 7 October 2021)*

Website

www.ahfh.com.hk

Registered Office

94 Solaris Avenue
Camana Bay
PO Box 1348
Grand Cayman, KY1-1108
Cayman Islands

CORPORATE INFORMATION

Principal Place of Business in Hong Kong

19/F
One Hennessy
1 Hennessy Road, Wan Chai
Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman
KY1-1100, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Bank of China (Hong Kong) Limited

Auditor

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

Stock Code

0033 (Listed on the Main Board of The Stock Exchange of Hong Kong Limited)

CHAIRMAN'S STATEMENT

2020 was an exceptionally challenging year. In the face of challenges such as the new coronavirus epidemic, the Sino-US rivalry and the fluctuations in external markets, the global economy was in recession, the unemployment rates in many countries were on the rise and financial markets were in turmoil. Governments quickly introduced various fiscal relief measures and accommodative monetary policies to inject liquidity into the market, which led to a rapid recovery in global stock markets and a sharp rebound in asset prices, with the three major U.S. stock indexes reaching record highs in succession.

China's economy was the first to be hit by the epidemic, but with stringent preventive measures, production lines quickly resumed and the economy recovered steadily. With a real GDP growth rate of 2.3% in 2020, China was the only major economy in the world to have positive growth.

The Hong Kong economy experienced its deepest and longest recession in history, with real GDP falling by 6.1% for the year and the unemployment rate rising to a record high in 16 years. The epidemic has hit the tourism, hospitality, food and beverage and retail industries hard. The HKSAR government has therefore launched the "Employment Support Scheme" of HK$81 billion to alleviate the hardship of the people. As for the financial market, the Hang Seng Index fell by 3.4% in 2020, but the Hang Seng TECH Index surged by 78.7%, with active trading in Hong Kong stocks, the largest number of IPOs in a decade and a record high market capitalisation of over HK$47 trillion.

In terms of the first three quarters of 2021, COVID-19 vaccination programme was well underway in many developed countries, and the economy of major countries and regions around the globe started to recover gradually. However, the economic activities of most economies have not yet recovered to the level in 2019. The pandemic developments remain the largest uncertainty faced by the global economy.

In terms of the PRC, 2021 marks the first year of the "14th Five-Year Plan" and full implementation of "Dual Circulation" strategy. The PRC is in full support of a series of emerging industries with high technology and strategies, such as new generation of information technology, biological technology, new energy, new material, high-end equipment, new energy vehicles, green environment, aerospace, marine equipment, big data, and the fifth generation of mobile communications. Each new transformation will bring extensive opportunities of investment and financing for investment banks and financial agencies.

CHAIRMAN'S STATEMENT

Under the impact of uncertainty of Sino-US relations, liquidation of major hedging funds, expected spike in inflation and tightening regulations on markets and industries in the PRC, the global financial markets saw divergent trends. The stock and security markets in Hong Kong have experienced considerable fluctuations since June, and the Hang Seng Index dropped by 20% from the high level in June as compared to the low level in September. Under the benefit of optimisation of business structure, the revenue from continuing operations of the Company increased by 532.19% during the eighteen-month period from 1 January 2020 to 30 June 2021 as compared to the twelve-month period in 2019, which further enhanced the stability and continuity of the Group's income.

Looking forward, it is generally expected that the Federal Reserve will not kick off the tapering until the beginning of 2022, with potential rate hike in its second half at the earliest. However, we should pay close attention to it as any shifts in its policies may bring uncertainties to the financial market. Facing such a complex environment, the Company will enhance its risk management capability, in order to respond to the uncertainties in the market by leveraging of its consolidated commercial model, and continue to create values for our Shareholders, staff, clients and the society.

Dr. Ng Yu
Chairman

Hong Kong, September 30, 2021

COMPANY PROFILE

Amber Hill Financial Holdings Limited (the "Company", together with its subsidiaries, the "Group") was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. The Company's shares were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19 November 2007. The Group is principally engaged in securities and commodities brokerage and assets management, advancing business, credit guarantee and investment business, trading of party products, trading of metals and minerals and trading of commodities.

On 31 December 2020, the Company announced the change of its financial year end date from 31 December to 30 June. Accordingly, the financial reporting period herein will cover an eighteen-month period from 1 January 2020 to 30 June 2021 (the "Reporting Period").

FINANCIAL REVIEW

The Auditors have expressed a qualified opinion on the consolidated financial statements of the Group for the financial period ended 30 June 2021, which mainly arises from the disclaimer of opinion for the financial year ended 31 December 2019 which affects the opening balances of the consolidated financial statements for the period ended 30 June 2021 and the amount and allocation of profit or loss on the impaired assets, gain or loss on disposals of subsidiaries, loss on cancellation of profit guarantee and convertible bonds and loss from discontinued operation between the two financial periods ended 31 December 2019 and 30 June 2021. For details, please refer to the sections headed "Extract of Independent Auditor's Report". For the year ending 30 June 2022, it is expected that qualifications will only be on the comparative figures of the consolidated financial statements. Should everything spell out as planned, all the qualifications will be removed in the consolidated financial statements for the year ending 30 June 2023.

Revenue and Results

The Group recorded continuing operations revenue of HK$339.44 million for the Reporting Period (previous period in 2019: HK$53.69 million), representing an increase of 532.19%. The increase in revenue was mainly due to the increase in revenue of the trading of party products and trading of commodities business segments. For details, please refer to the section headed "Business Review".

Cost control measures continue to be in place in the Reporting Period, and operating expenses increased by 14.09% to HK$69.43 million during the Reporting Period as compared with the previous period in 2019. Loss from operations of HK$32.54 million for the Reporting Period was recorded. Net loss attributable to equity shareholders of the Company for the Reporting Period was HK$67.79 million (previous period in 2019: HK$380.38 million), which was mainly attributable to the (i) abovementioned loss from continuing operations of HK$63.25 million; (ii) interest of HK$10.08 million on convertible bonds issued by the Company, (iii) loss resulting from termination of profit guarantees provided to the Group and cancellation of the corresponding convertible bonds issued by the Company of HK$10.65 million; and (iv) impairment on certain receivables and deposit paid of HK$16.68 million.

During the Reporting Period, the loss per share of the Company was HK28.56 cents (previous period in 2019: HK406.82 cents (restated as a result of completion of the share consolidation of the Company with effect from 1 December 2020)).

During the financial year ended 30 June 2021, the Company completed a number of fundraising activities which would be detailed in the section below headed "Capital Structure and Fundraising Activities".

BUSINESS REVIEW

Trading of Party Products

The revenue generated from the trading of party products segment increased to HK$174.67 million (previous period in 2019: HK$40.97 million) during the Reporting Period. The trading of party products segment of the Group comprises of designing, developing, merchandising and providing consumer hard goods, primarily party and festivity products. The increase in revenue is primarily due to business expansion in the Asian market.

The Board is confident about the future prospects of this business segment with promising long-term growth rates and believes that the effect of the COVID-19 pandemic would only be temporary and would be lessened gradually when the proportion of vaccinated population increases worldwide. The Company will continue with its efforts in developing this business segment despite the economic uncertainties caused by the spread of COVID-19. The Company has applied approximately HK$30 million from the proceeds of the Rights Issue and the Subscription as additional capital for this segment as scheduled. With the additional financial resources, the Group will continue to explore ways to broaden its customer base which include, in particular, the expansion in the Asian market and the broadening of product range to include those used in household. The Group would also continue its expansion into the PRC market which is perceived by the management of the Company to have a promising market size and prospect of growth.

Securities Brokerage and Assets Management

The Group recorded a revenue of HK$23.92 million (previous period in 2019: HK$0.741 million) from this segment during the Reporting Period.

The Group has successfully resumed the Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities (collectively the "Asset Management Licenses") under the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong) (the "SFO") in April 2021. The key feature of the investment funds to which the Group provide investment management and advisory services is the application of state-of-the-art algorithmic trading in foreign exchanges. Notably the Group has also provided segregated management account service involving asset value of approximately US$50 million to a listed entity as part of a financial conglomerate based in Hong Kong, which exemplifies the high-profile client base of the asset management business of the Group. The Group will continue to identify and evaluate suitable business expansion and investment management opportunities for the asset management business of the Group in other countries and regions, as well as to explore and devote resources to the application of technological innovation in this business segment.

The Company has applied approximately HK$15 million from the proceeds from the Rights Issue and the Subscription as scheduled for strengthening the liquid capitals and supporting the development of this business segment, including but not limited to promoting the business, attracting more customers and recruiting new staff to expand the business team. The asset management business of the Group focuses on providing fund management, discretionary account and investment advisory services to clients who are professional investors in Hong Kong, the PRC and other Asian markets. The securities and commodities brokerage business of the Group will focus on providing securities and commodities brokerage services to retail and institutional clients in Hong Kong.

The relevant licenses of the Group to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) regulated activities (collectively the "Securities Licenses"), as well as the Asset Management Licenses (which have already been resumed) were suspended in 2019 before the existing management joined the Group for the reason of failure to meet the requirements of required liquid capital and responsible officers under the SFO. The Securities Licenses remained suspended and are currently in the process of the resumption. The Group has already taken steps to comply with such requirements under the SFO and is awaiting for the Securities and Futures Commission to approve the applications for resumption of such licenses.

Trading of Commodities

During the Reporting Period, the Group generated revenue of HK$141.52 million (previous period in 2019: HK$Nil) from this segment. The Group has completed the business review and has resumed this segment in the second half of 2020. It is anticipated that the Group will expand this segment by purchasing different commodities from upstream companies and sell them to downstream companies as well as exploring other business opportunities in the Asian regions.

Advancing business

Due to the spread of the COVID-19 pandemic and the strengthening of the internal control, the management has continued its prudent approach in managing this business segment and no new loans have been granted since the inception of the current management in December 2019; hence the Group did not generate any revenue from this segment during the Reporting Period (previous period in 2019: HK$12 million).

As previously disclosed, the Company intends to apply approximately HK$15 million from the proceeds of the Rights Issue and Subscription for financing the advancing business of the Group within twelve months after the Rights Issue. The Company is also developing the business of provision of advances of relatively larger sum to borrowers who are capable of providing personal guarantee, asset pledge or other collaterals to secure the loans. It is anticipated that interest from the advances will generate stable source of revenue to the Group.

Trading of Security Products and Provision of Security Services

The security products trading business of the Group had ceased due to the cessation of control over Dewe Kexin in early 2020, while provision of security services business had ceased during the Reporting Period upon completion of the disposal of the entire issued share capital of International Security Net Co., Limited, details of which were set out in the announcement of the Company dated 30 June 2020.

Credit Guarantee and Investment Business

The Board resolved on 7 July 2020 that the results of the relevant operating subsidiaries of the credit guarantee and investment business of the Group in the PRC would be deconsolidated from the consolidated financial statements of the Group for the financial year ended 31 December 2019. Based on the advice of the Company's legal advisors, the Group has commenced legal actions in the PRC against those deconsolidated subsidiaries with a view to upholding its shareholder's right.

On 29 September 2021, the Company entered into a disposal agreement with an independent third party for the disposal of (i) the entire issued share capital of Market Season Limited, together with its subsidiaries including the deconsolidated subsidiaries; and (ii) the entire issued share capital of AIF Finance Limited, the former operating subsidiary of the Company's advancing business, at a consideration comprising of a cash consideration of RMB2 million (equivalent to approximately HK$2.41 million), together with 80% of all cash proceeds derived by the purchaser from the disposal assets, as detailed in the announcement of the Company dated 29 September 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, (i) the Group's net current assets were HK$132.53 million (31 December 2019: net current liabilities HK$109.70 million); (ii) the Group's net total assets less current liabilities were HK$150.91 million (31 December 2019: HK$45.63 million); (iii) the Group's current ratio was 1.54 (31 December 2019: 0.44); and (iv) the Group's gearing ratio was -23.46% (31 December 2019: 106.58%). The Group's gearing ratio was calculated as net debts divided by total assets. The Group's net debts include convertible bonds and other loan less cash and bank balances.

The Group's liquidity and financial resources were significantly improved upon the completion in January 2021 of the Rights Issue and the Subscription as stipulated in the circular dated 4 November 2020 and the prospectus of the Company dated 11 December 2020 which raised net proceeds of HK$284 million in aggregate, and the Directors consider that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future.

As at 30 June 2021, the Company has outstanding loans with principal amount of HK$41.85 million (31 December 2019: HK$13 million). The Company has fully repaid with the proceeds raised from the Rights Issue and the Share Subscription the loans from a shareholder and an independent third party with principal amount of HK$38.50 million and of HK$1.3 million respectively.

In addition, the outstanding amount (including both principal and interest thereon) of HK$114.25 million in total (31 December 2019: HK$108.60 million) under the convertible bonds was due by the Company to the bondholders as at 30 June 2021. As at the date hereof, the Company has settled the outstanding amount under the convertible bonds of HK$108 million (including both interest and principal) due to a bondholder. The remaining outstanding amount under the convertible bonds due to another bondholder shall be fully outstanding by proceeds raised from the Rights Issue and the Share Subscription before the end of 2021.

As at 30 June 2021, the Group had cash and bank balances of HK$248.78 million (31 December 2019: HK$13.53 million). The cash and bank balances were denominated in HK dollar, Renminbi and US dollar. The Group had no structured investment products and foreign exchange contracts as at 30 June 2021. The Group is not exposed to material fluctuations in exchange rates. The Company received net proceeds of HK$284 million from the Rights Issue and the Subscription in January 2021.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at 30 June 2021, the authorised share capital of the Company was HK$10,000,000,000 divided into 1,000,000,000,000 shares of HK$0.01 each, and the issued share capital of the Company was HK$5,372,451 divided into 537,245,104 shares of HK$0.01 each.

Major changes in relation to the capital structure of the Company for the period ended 30 June 2021 are as follows:

A. Share Capital

During the Reporting Period, the Company completed a placing of new shares under the general mandate granted to the Directors by the shareholders of the Company at the annual general meeting of the Company held on 18 June 2019. An aggregate of 181,463,440 shares were successfully placed at issue price of HK$0.1 each to not less than six placees in accordance with the terms and conditions of the relevant placing agreement dated 26 February 2020. The placing of the 181,463,440 new shares was completed on 20 April 2020.

During the Reporting Period, the Company completed another placing of new shares under the general mandate granted to the Directors by the Company's shareholders at the extraordinary general meeting of the Company held on 7 July 2020. An aggregate of 223,852,128 shares were successfully placed at issue price of HK$0.105 per share to not less than six places in accordance with the terms and conditions of the relevant placing agreement dated 17 July 2020. The placing of 223,852,128 new shares was completed on 4 August 2020.

On 11 September 2020, the Company announced, among other things, consolidation (the "Share Consolidation") of the issued shares on the basis of ten shares of HK$0.001 each into one share of HK$0.01 each. The Share Consolidation was approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020 and became effective on 1 December 2020. Upon the Share Consolidation becoming effective on 1 December 2020 and as at 31 December 2020, the authorised share capital of the Company was HK$10,000,000,000 divided into 1,000,000,000,000 shares of HK$0.01 each, and the issued share capital of the Company was HK$1,343,112.76 divided into 134,311,276 shares of HK$0.01 each. Details of the Share Consolidation were set out in the Company's announcements dated 11 September 2020 and 27 November 2020, and its circular dated 4 November 2020.

On 11 September 2020, the Company announced, among other things, a rights issue (the "Rights Issue") at the subscription price of HK$0.71 per rights share on the basis of three (3) rights shares for every one (1) consolidated Share held by the qualifying shareholders on the record date; and (ii) the issuance of up to 330,664,157 subscription shares (the "Share Subscription") under specific mandate for subscription by Neo Tech Inc., where such shares for subscription shall be equivalent to the number of unsold right shares under the Rights Issue and subject to the public float requirement under the Listing Rules. The Rights Issue and Share Subscription were approved by the shareholders at the extraordinary general meeting of the Company held on 27 November 2020. On 13 January 2021, the Rights Issue was approximately 29.35% subscribed, and the remaining 284,673,884 unsubscribed rights shares, representing approximately 70.65% of the total number of rights shares offered under the Rights Issue, and no unsubscribed rights shares were placed under the compensatory arrangements. Accordingly, on 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of HK$202,118,457.64 at the subscription price of HK$0.71 per share. The gross proceeds and the net proceeds (after deducting expenses) raised from the Rights Issue and the Share Subscription are approximately HK$286 million and approximately HK$284 million respectively. Details of the Rights Issue and Share Subscription were set out in the circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively.

Details of the use of proceeds of the fund-raising activities during the Reporting Period are as follows:

Date of disclosure documents	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
4 November 2020, 11 December 2020, 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively	Rights Issue and Share Subscription	Approximately HK$284 million	*Notes*	*Notes*
17 July 2020 and 4 August 2020	Placing of new shares under general mandate granted on 7 July 2020	Approximately HK$22.96 million	Working capital of the Group	The proceeds were fully utilised as intended
26 February 2020 and 20 April 2020	Placing of new shares under general mandate granted on 18 June 2019	Approximately HK$17.97 million	Working capital of the Group	The proceeds were fully utilised as intended

Notes:

Use of proceeds	Estimated amount	Proposed timeline of the Intended use of proceeds	Actual Use of Proceeds
Repayment of overdue external debts of the Group	HK$50 million	Within 6 months after the Rights Issue	Applied as intended
Repayment of the shareholder's loan owing by the Company to Dr. Ng	HK$40 million	Within 6 months after the Rights Issue	Applied as intended
Repayment of overdue Convertible Bonds	HK$110 million	Within 12 months after the Rights Issue	Currently contemplated to apply as intended
Additional capital for trading of party products business	HK$30 million	Within 6 months after the Rights Issue	Applied as intended
Additional liquid capital for the securities brokerage and assets management business	HK$15 million	Within 6 months after the Rights Issue	Applied as intended
Additional capital for the advancing business of the Group	HK$15 million	Within 12 months after the Rights Issue	Currently contemplated to apply as intended
General working capital	HK$24 million	Within 36 months after the Rights Issue	Currently contemplated to apply as intended

B. Convertible Bonds

Details on the movements of the convertible bonds during the Reporting Period are set out in note 13 to the condensed consolidated financial statements.

MERGERS, ACQUISITIONS AND DISPOSAL

On 26 March 2021, Hui Jin Xie He Investment Consultancy (ShenZhen) Limited (匯金協和投資諮詢(深圳)有限公司), a subsidiary of the Company, as the first vendor, Yao Da Qing (姚大慶) as the second vender (with the first vendor collectively as the "Vendors"), Beijing Yi Bang Technology Limited Liability Company (北京翊邦科技有限責任公司) (the "Purchaser") as purchaser and Guangzhou Zero Zero Three Three Trading Co., Ltd. (廣州零零三三貿易有限公司) as the guarantor of the Vendors and Ya Tou Hui Jin (Beijing) Assets Management Co., Ltd. (亞投匯金(北京)資產管理有限公司) (the "Target Company") entered into the sale and purchase agreement (the "Disposal Agreement") in relation to the disposal of the entire equity interest of the Target Company at a total consideration of RMB11,880,000. The Target Company held 21.6% equity interest in Sunrise Insurance Brokers Limited. To the best knowledge, information and belief of the directors of the Company, the purchaser is an independent third party of the Company. The disposal contemplated under the Disposal Agreement was completed on 26 March 2021.

On 30 June 2020, B&R Security International Company Limited (一帶一路安保國際有限公司) and Ya Tou Hui Jin (Beijing) Assets Management Co., Ltd. (亞投匯金(北京)資產管理有限公司) (both of which being wholly-owned subsidiaries of the Company and collectively referred to as the "ISN Vendors") and Beijing Dewe Security Services Co., Limited (北京德威保安服務有限公司) (the "ISN Purchaser") entered into a disposal agreement pursuant to which, among other things, the ISN Vendors agreed to sell, and the ISN Purchaser agreed to purchase, (i) the entire issued share capital of International Security Net Co., Limited and the (ii) the other receivables. Subsequent to the completion of the disposal of International Security Net, the trading of security products and provision of security services business has ceased in 2020. For details, please refer to the announcement of the Company dated 30 June 2020.

Saved as disclosed above, the Group did not have any significant merger, acquisition or disposal during the Reporting Period.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the Reporting Period.

CHARGE OF ASSETS

As at 30 June 2021, the Group did not have any charge of assets.

As disclosed in the annual report for the financial year ended 31 December 2019, Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service) (the "Plaintiffs") took out an action in rem under the Admiralty Jurisdiction of the High Court on 3 July 2019 for arrest of a vessel named "亞投金融" (the "Vessel") held by AIF Happy Services Limited ("AIF"). The Plaintiffs and AIF executed a deed of settlement on 3 June 2020 relating to withdrawal by the Plaintiffs of all claims relating to the Vessel. The Vessel was released, unencumbered and back to the Group's possession on 4 June 2020. As at 30 June 2021, the carrying value of the Vessel was HK$14,175,000 (31 December 2019: HK$16,875,000).

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

The Group's main operations are located in Hong Kong and the PRC. Most of the assets, income, payments and cash balance are denominated in Hong Kong dollar and Renminbi. The Group did not enter into any forward foreign exchange contracts to manage its foreign currency risk during the Reporting Period as the management considered that the Group's exposure to exchange rate risk could be managed.

HUMAN RESOURCES

As at 30 June 2021, the Group had 32 employees (31 December 2019: 27 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

COMMITMENTS

As at 30 June 2021, the Group did not have any material capital commitment.

PROSPECTS

The Hong Kong economy has demonstrated strong recovery since the beginning of this year. Hong Kong's gross domestic product in the first quarter of this year surged to 7.8% year-on-year after declining for a record six quarters. Despite challenges continue to be posted by the COVID-19 pandemic and Sino-US trade relationship, considerable opportunities are also brought. The introduction of vaccines has lessened the impact of COVID-19 pandemic and the global economy is recovering with China expected to take the lead. In 2020, a number of regulatory reforms and incentives were introduced to drive the growth of the asset management sector and to reinforce Hong Kong's status as Asia's leading fundraising centre and its leading asset and wealth management hub. With the ongoing implementation of the key strategic initiatives of the Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong's financial services industry and its economy would be well positioned for growth.

In order to strengthen the financial position of the Group for its business development in the coming future, the Company announced a number of fund-raising activities during the Reporting Period, in particular the Rights Issue and the Share Subscription which were completed in January 2021. Aggregate net proceeds of approximately HK$284 million have been raised from the Rights Issue and the Subscription. Since January 2020, the new management of the Group has conducted a detailed business review and restructuring of the operations with a view of further developing the existing businesses, improving the financial situation, strengthening the internal controls, streamlining the operating costs and efficiency. The Group has also resumed the Type 4 (Advising on Securities) and Type 9 (Asset Management) licenses in the first half of 2021.

With the positive development outlined above, the Group is well positioned to develop its existing businesses and capture the opportunities ahead through developing a wide spectrum of financial services and exploring the possible application of technological innovation in this sector.

ADDITIONAL INFORMATION ON AUDITOR'S OPINION

The Audit Committee and the Board consider that the Company has provided all available evidence to the Auditor and, except for the uncertainty or possible effect of the matters leading to the Auditor's qualified opinion disclosed herein, the performance and financial position of the Group for the period year ended 30 June 2021 were reasonably presented.

SUPPLEMENTAL INFORMATION ON AUDITORS' QUALIFIED OPINION

Deconsolidation of the deconsolidated subsidiaries

In relation to the deconsolidated subsidiaries, the Deconsolidation has already been provided for in the consolidated financial statements during the year ended 31 December 2019. Accordingly, the circumstances leading to the Qualification 1 have only affected the closing balance for the year ended 31 December 2019, and the Deconsolidation did not result in any impact on the profit or loss figures or balance sheet figures for the period ended 30 June 2021. In view of the aforesaid and based on the consultation with the Auditors, the management of the Company is not aware of any circumstances suggesting that (i) the relevant assets and liabilities of the Company as at 30 June 2021; and (b) the relevant profit or loss figures for the period ended 30 June 2021 are subject to material misstatement or qualification by the Auditors in relation to the Deconsolidation.

The circumstances leading to the qualification have only affected the closing balance for the year ended 31 December 2019, and the Deconsolidation did not result in any impact on the profit or loss figures or balance sheet figures for the period ended 30 June 2021. Besides, the Company does not foresee any further impact resulting from the Deconsolidation on the profit or loss figures or balance sheet figures in the forthcoming financial year(s). Considering the above, the management of the Company is of the view the qualification has been addressed and will be removed in the consolidated financial statements for the year ending 30 June 2022 (the "2022 consolidated financial statements").

The audit committee of the Company (the "Audit Committee") and the Auditors concur with the management of the Company's view that the qualification has been addressed, considering that the Deconsolidation is not expected to have any further impact on the profit or loss figures or balance sheet figures in the forthcoming financial year(s).

Amount due to a Deconsolidated Subsidiary

The management of the Company has consulted the Auditors and was given to understand that the key information required by the Auditors in relation to its audit works on the amount due to the Deconsolidated Subsidiary includes: (i) access to the books and records of the Deconsolidated Subsidiary; and (ii) response from the Deconsolidated Subsidiary to the audit confirmation issued by the Auditors regarding the amount due to the Deconsolidated Subsidiary.

Since January 2020, the Company has made repeated attempts to obtain the necessary support from the management of the Deconsolidated Subsidiary and to gain access to the books and records of the Deconsolidated Subsidiary, but all such attempts were in vain. Further, no response was received by the Auditors for its audit confirmation regarding the amount due to the Deconsolidated Subsidiary. The Company has since taken various actions, including (i) engaging its PRC legal advisers to take legal actions to uphold its shareholders' rights with respect to the Deconsolidated Subsidiary; and (ii) seeking suitable buyer(s) to dispose of its interest in the Deconsolidated Subsidiary.

As mentioned in the Business Update Announcement, on 29 September 2021, the Group entered into the Disposal Agreement with the Purchaser in respect of disposal of, among other things, the Company's interests in the Deconsolidated Subsidiary. Completion is conditional upon the Company and the Purchaser having obtained all necessary consents, agreements and approvals for the disposal contemplated under the Disposal Agreement, and is expected to take place on or before 31 October 2021. The management of the Company has consulted the Auditors and was given to understand that the qualification is expected to be addressed upon the completion of the Disposal Agreement. Accordingly, if the completion of the Disposal Agreement takes place on or before 31 October 2021 as expected, the qualification would only be on the period ended 30 June 2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee is of the view that the Company has used reasonable endeavour to address the qualification, after considering that (i) the Company has made repeated attempts to obtain the necessary support from the management of the Deconsolidated Subsidiary and to gain access to the books and records of the Deconsolidated Subsidiary; (ii) the Company has engaged its PRC legal advisers to take legal actions to uphold its shareholders' rights with respect to the Deconsolidated Subsidiary; and (iii) the Company has successfully identified a purchaser which conditionally agreed to purchase the Group's interest in the Deconsolidated Subsidiary.

Limitation of scope on interest in an associate

The management of the Company has consulted the Auditors and was given to understand that the qualification concerned only the profit or loss figures for the period ended 30 June 2021 and did not have any impact on the balance sheet figures for the period ended 30 June 2021. In view of the aforesaid and based on the consultation with the Auditors, the management of the Company is not aware of any circumstances suggesting that the relevant assets the Company as at 30 June 2021 are subject to material misstatement or qualification by the Auditors in relation to the Associate.

As the management of the Associate refused to cooperate with the Company in providing access to its books and records, the Company has since consulted its PRC legal advisers on the possible course of legal actions available under the PRC laws. In June 2020, the Group has further engaged its PRC legal advisers to issue legal letter to the Associate to uphold its shareholders' rights with respect to the Associate, and in response the Associate has refused the request of the Group. Meanwhile, numerous attempts had also been made by the Company to liaise with the management of the Associate, but the management of the Associate remained uncooperative. In view of the aforesaid actions taken, the management of the Company has used reasonable endeavor to obtain the requisite information from the management of Associate for the financial reporting and audit works in respect of the year ended 31 December 2019 and the period ended 30 June 2021.

The Audit Committee and the Auditors concur with the management of the Company's view as set out above, after considering that: (i) the qualification concerned only the profit or loss figures and did not affect the balance sheet figures for the period ended 30 June 2021; and (ii) the Company has addressed the qualification through the Associate Disposal.

Limitation of scope on trading of security products and provision of security services business segment

The management of the Company has consulted the Auditors and was given to understand that the qualification concerned only the profit or loss figures for the period ended 30 June 2021 and did not affect the balance sheet figures for the period ended 30 June 2021. After discussions with the Auditors, the management of the Company is not aware of any circumstances suggesting that the relevant assets of the Company as at 30 June 2021 are subject to material misstatement or qualification by the Auditors in relation to the discontinued operation.

In light of the Dewe Disposal and ISN Disposal during the period ended 30 June 2021, the Auditors are of the view that adequate measures have already been taken by the Company to address the qualification. It is expected that the qualification would only be on the period ended 30 June 2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee concurs with the management of the Company's view as set out above, after considering that: (i) the qualification concerned only the profit or loss figures for the period ended 30 June 2021 and did not affect the balance sheet figures for the period ended 30 June 2021; and (ii) the Company has addressed the qualification through the Dewe Disposal and ISN Disposal.

Limitation of scope on impairment (the "Impairment") assessment of the Receivables (the "Qualification 5")

For the year ended 31 December 2019, the Group made full provision for the Impairment on the Receivables of its subsidiary (the "Subsidiary"). The management of the Company has consulted the Auditors and was given to understand that the key information required by the Auditors in relation to its audit works for the Receivables includes (i) response from the borrowers to the audit confirmation issued by the Auditors; (ii) the financial status of the borrowers and their abilities to repay the Receivables; and (iii) the value of the underlying collaterals provided by the borrowers.

The Company had consulted its Hong Kong legal advisers and the PRC legal advisers and was given to understand that there is a high level of uncertainties associated with the recovery prospect of the loans and there were significant hurdles in realising the collaterals and enforcing the personal guarantees under the security documents of the loans. Some of the borrowers had also been ruled as dishonest persons by the PRC courts. Subsequently, based on the advice of its Hong Kong legal advisers, the Company commenced legal actions against some of the borrowers with apparent connection with Hong Kong but there is no success so far. Further, no response was received by the Auditors regarding its audit confirmation issued to the borrowers in relation to the Receivables.

As mentioned in the Business Update Announcement, on 29 September 2021, the Group entered into the Disposal Agreement with the Purchaser in respect of disposal of, among other things, the Company's interests in the Subsidiary. Completion is conditional upon the Company and the Purchaser having obtained all necessary consents, agreements and approvals for the disposal contemplated under the Disposal Agreement, and is expected to take place on or before 31 October 2021.

The management of the Company has consulted the Auditors and was given to understand that since full provision for the Impairment on the Receivables had already been made during the year ended 31 December 2019, the qualification would only affect the amount and allocation of profit or loss on the Receivables between FY2019 and FP2021. It is expected that the Qualification 5 would only be on the period ended 30 June 2021 comparative figures on the 2022 consolidated financial statements.

The Audit Committee is of the view that the Company has used reasonable endeavour to address the qualification, after considering that (i) the Company has sought advice from its Hong Kong and PRC legal advisers regarding the recovery of the Receivables; (ii) based on the legal advice obtained, the Company has engaged its Hong Kong legal advisers to take actions against the borrowers; and (iii) the Company has successfully identified a purchaser which conditionally agreed to purchase the Group's interest in the Subsidiary.

The Company is committed to maintaining a high standard corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and the enhancement of shareholder's value. We are committed to providing high-quality products and services to the satisfaction of our customers; to maintaining high standards of business ethics and achieving these goals while, at the same time, providing satisfactory and sustainable returns to shareholders. The Board had adopted the Code on Corporate Governance Practices (the "CG Code") as contained in Appendix 14 of the Listing Rules.

For the eighteen months ended 30 June 2021 (the "Current Period"), the Company has complied with the code provisions set out in the CG Code as set out in Appendix 14 of the Listing Rules except the following.

1. Under A.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. Mr. Chan Chi Ming was appointed as the Chief Executive Officer of the Company on 6 April 2020 and he resigned on 31 March 2021. Between the periods from 1 January 2020 to 5 April 2020 and the period from 1 April 2021 to 30 June 2021, the Company had no Chief Executive Officer. The functions of Chief Executive Officer were performed by the Executive Committee of the Board. The Board considered that this structure had not impaired the balance of the power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

2. Code provision A.6.7 of the Code requires that Independent Non-executive Directors and other Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Huang Shao Long, the non-executive Director, did not attend all of the general meetings due to his other business engagements.

3. Code provision A.1.3 of the Code provides that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Current Period, two regular meetings of the Company do not have at least 14 days notice period. However, all the Directors present at the meeting did not express any objection to the insufficient notice given for the meeting and those meetings duly proceeded.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding directors' dealing in securities since its listing on 19 November 2007. Having made specific enquiries to all Directors, based on the information available to the Board, except Mr. Huang Shao Long and Ms. Zhao Hongmei, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the Current Period.

THE BOARD

The Board is responsible for the formulation of business policies and strategies in relation to the business operation of the Group, for nomination and appointment of directors, and to ensure the availability of resources as well as to the effectiveness of its system of internal control. The senior management was delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. In addition, the Board has also established Board sub-committees and has delegated to these Board committees various responsibilities set out in their terms of reference respectively. Each Director shall ensure that he/she carries out his/her duty in good faith and in compliance with the standards of applicable laws and regulations, and acts as in the interests of the Company and its shareholders at all times. From 1 January 2020 to 30 June 2021, nine Board meetings were held, four Extraordinary General Meetings were held on 10 January 2020, 18 June 2020, 7 July 2020 and 27 November 2020 respectively and one annual general meeting held on 4 September 2020 were held and the attendance of each director is set out as follows:

	Number of Attendance	
Directors	**Board Meetings**	**General Meetings**
Executive Directors		
Ng Yu *(Chairman)*	9/9	5/5
Lin Feng *(Appointed on 10 January 2020)*	6/6	5/5
Wei Weicheng *(Resigned on 25 August 2021)*	9/9	4/4
Chan Chi Ming *(Appointed on 6 April 2020 and resigned on 1 April 2021)*	4/4	4/4
Zhao Hong Mei *(Failed to be re-elected on 4 September 2020)*	6/6	4/4
Li Junheng *(Not being re-elected on 10 January 2020)*	2/9	1/1
Non-executive Director		
Dai Chengyan *(Appointed on 25 August 2021)*	N/A	N/A
Huang Shao Long *(Appointed as Executive Director on 10 January 2020, re-designated on 19 March 2020 and resigned on 25 August 2021)*	6/6	4/4
Independent Non-executive Directors		
Anthony Espina	9/9	5/5
Lo Hang Fong *(Appointed on 19 March 2020) (note 8)*	6/6	4/4
Wang Jun Sheng	9/9	5/5

The Directors and the auditor had attended the annual general meeting to answer questions at the meeting.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors.

NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors are persons with academic and professional qualifications as stated in Directors and Senior Management section. They support the effective discharge of the duties and responsibilities of the Board. The Company has sent out annual confirmation of independence to all independent non-executive directors who were on board at any time during the Current Period. Each of the current Independent Non-executive Director has provided an annual confirmation of independence to the Company and the Company considers these Directors to be independent under Rule 3.13 of the Listing Rules.

No service contract was signed between the Mr. Huang Shao Long, a non-executive Director, and the Company.

The change of the Non-executive Directors and Independent Non-executive Directors during the Current Period are set out in the section headed "the Board" in this corporate governance report.

BOARD COMMITTEES

A. Executive Committee

To assist the board of directors in running the operations on a daily basis, the Board had set up a sub-committee, namely Executive Committee on 15 July 2009. The terms of reference of the Executive Committee are available on the Company's website at www.ahfh.com.hk and the website of the Stock Exchange.

During the Current Period, one Executive Committee meetings were held.

B. Audit Committee

The Audit Committee was established on 30 October 2007. The primary duties of the Audit Committee are to make recommendations on the appointment, re-appointment and removal of external auditor, to review financial statements and making recommendations on the financial reporting, and to review and supervise the financial reporting and internal control procedures of the Group. The Audit Committee shall meet at least four times a year. The Audit Committee had reviewed the Group's internal control during the Current Period. The Group's final results for the Current Period had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this annual report, and confirmed that saved for the matters disclosed in the Auditor's qualified opinion, this annual report is complete and accurate and complies with all relevant rules and regulations, including but not limited to the Listing Rules. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the Auditor.

The Audit Committee comprises Independent Non-executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng, Mr. Lo Hang Fong (appointed on 19 March 2020) and Non-executive Director, Mr. Huang Shao Long (appointed on 10 January 2020 and resigned on 25 August 2021). Mr. Anthony Espina is the Chairman of the Audit Committee. The terms of reference of Audit Committee are available on the Company's website at www.ahfh.com.hk and the website of the Stock Exchange.

During the Current Period, five Audit Committee meetings were held to consider and approve, among other things, (i) the audit planning; (ii) the audited consolidated financial statements for the eighteen months ended 30 June 2021; (iii) the second unaudited consolidated financial statements for the twelve months ended 31 December 2020; and (iv) the first unaudited consolidated financial statements for the six months ended 30 June 2020. The attendance of each member of Audit Committee is set out as follows:

Directors	**Number of Attendance/ Number of Audit Committee Meeting(s) held**
Independent Non-executive Directors	
Anthony Espina *(Chairman)*	5/5
Wang Jun Sheng	5/5
Lo Hang Fong *(Appointed on 19 March 2020)*	5/5
Non-executive Director	
Huang Shao Long *(Appointed on 19 March 2020 and resigned on 25 August 2021)*	5/5

C. Remuneration Committee

The Remuneration Committee was established on 30 October 2007. The Remuneration Committee assists the Board to determine the policy for the remuneration of executive directors and senior management, assessing performance of executive directors and senior management and approving the terms of executive directors' and senior management's service contracts and to develop a formal and transparent remuneration policy. The Remuneration Committee makes recommendations to the board on the remuneration packages of individual executive directors and senior management.

The Remuneration Committee comprises Independent Non-executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng and Executive Director, namely Dr. Ng Yu (appointed on 19 March 2020). Mr. Wang Jun Sheng is the Chairman of the Remuneration Committee. The terms of reference of Remuneration Committee are available on the Company's website at www.ahfh.com.hk and the website of the Stock Exchange.

During the Current Period, two Remuneration Committee meeting was held. The attendance of each member of Remuneration Committee is set out as follows:

Directors	**Number of Attendance/ Number of Remuneration Committee Meeting(s) held**
Independent Non-executive Directors	
Wang Jun Sheng *(Chairman)*	2/2
Anthony Espina	2/2
Executive Director	
Ng Yu *(appointed on March 19, 2020)*	2/2

During these meetings, the Remuneration Committee reviewed the remuneration packaged for all Directors and senior management, the employee's salary increment proposal and relevant reports.

Details of remuneration paid to members of senior management other than the directors fell within the following bands:

	Number of individuals
HK$500,001 to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1

D. Nomination Committee

The Nomination Committee was established on 27 March 2012. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, to ensure that the candidates to be nominated as Directors are experienced, high caliber individuals.

The Nomination Committee shall meet at least once every year.

The Board has adopted the "Nomination Policy" on 1 January 2019 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedure of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, skills, experience and professional expertise, diversity on the Board, independence, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Pursuant to the Articles of Association, the Company may from time to time in general meeting by ordinary resolution appoint directors to fill a casual vacancy on the Board or as an addition to the existing Board. In accordance with provisions of the relevant laws and regulations and the Articles of Association, new candidates suitable for appointment is recommended to the Board by the Nomination Committee following a process involving: (i) review of the structure, size, composition and diversity of the Board; (ii) identification of individuals suitably qualified to become Board members; and (iii) recommendations made to the Board on matters relating to the appointment or re-appointment of, and succession planning for directors.

The Nomination Committee comprises Independent Non-executive Directors, namely Mr. Wang Jun Sheng (Chairman), Mr. Anthony Espina, and Executive Director, namely Mr. Lin Feng (appointed on 25 August 2021) and Mr. Wei Weicheng (resigned on 25 August 2021). The terms of reference of Nomination Committee are available on the Company's website at www.ahfh.com.hk and the website of the Stock Exchange.

During the Current Period, one Nomination Committee meeting was held. The attendance of each member of Nomination Committee is set out as follows:

Directors	**Number of Attendance/ Number of Nomination Committee Meeting(s) held**
Independent Non-executive Directors	
Wang Jun Sheng *(Chairman)*	1/1
Anthony Espina	1/1
Executive Directors	
Lin Feng *(Appointed on 25 August 2021)*	N/A
Wei Weicheng *(Resigned on 25 August 2021)*	1/1

During the meeting, the Nomination Committee reviewed the board structure of the Company and recommended candidates for directorship.

Board Diversity Policy

The Board has adopted a Board Diversity Policy in August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company also takes into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Nomination Committee has set measurable objectives based on four focus areas: gender, age, working experience and ethnicity to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, the measurable objectives and the progress on achieving the objectives, as appropriate, to evaluate the continued effectiveness and successful implementation of the Board Diversity Policy from time to time.

E. Risk Management Committee

The Risk Management Committee was established on 28 December 2015. The Risk Management Committee is responsible for assisting the Board to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and assisting the Board to oversee management in the design, implementation and monitoring of the risk management and internal control system.

The Risk Management Committee comprises Executive Directors, namely, Mr. Lin Feng (Chairman) (appointed on 25 August 2021) and Mr. Wei Weicheng (Chairman) (resigned on 25 August 2021) and Independent Non-executive Directors, namely Mr. Anthony Espina and Mr. Wang Jun Sheng (appointed on 19 March 2020). The terms of reference of Risk Management Committee are available on the Company's website at www.ahfh.com.hk and the website of the Stock Exchange.

During the Current Period, two Risk Management Committee meetings were held. The attendance of each member of Risk Management Committee is set out as follows:

Directors	**Number of Attendance/ Number of Risk Management Committee Meeting(s) held**
Independent Non-executive Directors	
Anthony Espina	2/2
Wang Jun Sheng *(Appointed on March 19, 2020)*	2/2
Executive Directors	
Lin Feng *(Chairman) (Appointed on 25 August 2021)*	N/A
Wei Weicheng *(Chairman) (Resigned on 25 August 2021)*	2/2

During these meetings, the Risk Management Committee reviewed the Group's risk management process and internal control system.

Internal Control and Risk Management

The Board is responsible for maintaining a sound and effective internal control and risk management systems. Such systems are in place and designed to manage risk rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement or loss in order to safeguard the interests of the shareholders and the assets of the Group against unauthorised use or disposition, ensuring maintenance of proper books and records for the provision of reliable financial information, and ensuring compliance with the relevant rules and regulations.

During the Current Period, the Group has engaged a professional firm as an independent advisor to perform an annual internal control review. For details, please refer to "Risk Management and Internal Control" section of this Corporate Governance Report.

Corporate Governance Functions

No Corporation Governance Committee has been established and the Board is responsible for performing the corporate governance functions such as development and reviewing the Company's policies and practices on corporate governance; reviewing and monitoring the training and continuous professional development of directors and senior management; reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and reviewing the Company's compliance with the code and disclosure in this Corporate Governance Report.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of Independent Non-executive Directors.

According to Article 130, one-third of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Dr. Ng Yu and Mr. Dai Chengyan shall retire from office at the forth coming annual general meeting and shall offer themselves for re-election.

The Non-executive Director and the Independent Non-executive Directors were appointed for a fixed term and are subject to re-election in compliance with CG Code A.4.1.

Board Process

The Board held meetings from time to time whenever necessary. Reasonable prior notice of regular Board meetings is given to all directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all directors at reasonable time before the date of every Board meeting in order to allow sufficient time for the directors to review the documents.

Minutes of every Board meeting are circulated to all directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

Professional Development

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has an appropriate understanding of the business and operations of the Company.

To assist directors' continuing professional development, the Company recommends directors to attend relevant seminars to develop and refresh their knowledge and skills. Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. During the Current Period, based on information available to the Board and to the best knowledge of the Board, details of Directors participation in continuous professional development programmes are as follows:

	Training activities including in-house activities/briefings, seminars/talks held by professional organisations and/or reading materials on relevant topics
Executive Directors	
Ng Yu *(Chairman)*	✓
Lin Feng *(Appointed on 10 January 2020)*	✓
Wei Weicheng *(Resigned on 25 August 2021)*	*
Chan Chi Ming *(Appointed on 6 April 2020 and resigned on 31 March 2021)*	✓
Zhao Hong Mei *(Failed to be re-elected on 4 September 2020)*	*
Non-executive Directors	
Dai Chengyan *(Appointed on 25 August 2021)*	N/A
Huang Shao Long *(Appointed as Executive Director on 10 January 2020, re-designated on 19 March 2020 and resigned on 25 August 2021)*	*
Independent Non-executive Directors	
Anthony Espina	✓
Wang Jun Sheng	✓
Lo Hang Fong *(Appointed on March 19, 2020)*	✓

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

* The Company has not yet to receive reply from them up to date of this report.

DIRECTOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group for the Current Period and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. The Director also ensure the timely publication of such consolidated financial statements.

The statement of the external auditor of the Company, CHENG & CHENG LIMITED, with regard to its reporting responsibilities on the Group's consolidated financial statements, is set out in the Independent Auditor's Report included in this annual report.

The Directors confirm that, to the best of their knowledge, having made a reasonable enquiries, save for the disclosure under section headed "Material uncertainty related to going concern" in the Independent Auditor's Report, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern. For details, please refer to "Liquidity and Financial Resources" in the "Management Discussion and Analysis" section.

BUSINESS MODEL AND STRATEGY

The Group has the mission to excelling its diversified business whilst maintaining long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and Financial Review during the Current Period are set out in the "Management Discussion and Analysis" section of this annual report.

AUDITOR'S REMUNERATION

For the Current Period, the fees paid/payable to the Company's auditor in respect of audit and non-audit services provided by the Company's auditor to the Group were as follows:

	HK$'000
Audit services	1,202
Non-audit services	796
	1,998

Non-audit services included review of interim financial statements for the six months ended 30 June 2020 and the twelve months ended 31 December 2020, taxation services and agreed-upon procedures for the Company's capital reorganisation.

COMPANY SECRETARY

Mr. Tsang King Sun ("Mr. Tsang") was the company secretary of the Company during the Current Period. The biographical details of Mr. Tsang are set out under the section headed "Directors and Senior Management". According to the Rule 3.29 of the Listing Rules, Mr. Tsang has taken no less than 15 hours of relevant professional training during the eighteen months ended 30 June 2021.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the Group's system of risk management and internal control and for monitoring its adequacy and effectiveness. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for (i) safeguarding assets against unauthorised use or disposition; (ii) maintaining proper accounting records; and (iii) ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board through the Risk Management Committee, has overseen the Company's risk management and internal control systems on an ongoing basis. A year-end review of the effectiveness of the Group's risk management and internal control systems has been conducted annually by the Risk Management Committee, and the significant risk issues, if any, are referred to the Board with management responses and recommendations for consideration. The Company engaged ZHONGHUI ANDA Risk Services Limited ("Zhong Hui Anda Risk") as the internal control consultant, to perform internal audit function of the Company by conducting an independent internal control review to assess the effectiveness of the financial, operational and compliance controls, and risk management functions of the Company and the Group's major subsidiaries on a rotation basis since the financial year ended 31 December 2017. For the Current Period, the internal control review performed by Zhong Hui Anda Risk covered the Group's internal control systems on selected areas of trading of party products, securities brokerage and assets management and trading of metals and minerals (commodities) and trading of security products business segments and no material deficiencies were discovered.

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an Extraordinary General Meeting ("EGM").

— Right to convene Extraordinary General Meeting

Any two or more members or any one member of the Company which is a recognised clearing house (or its nominee(s)) holding at the date of the 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, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary of the Company at the Company's principal place of business at 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong.

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all registered members. On the contrary, if the request has been verified in not in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within twenty-one days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting to be held with a further 21 days, the requisitionist(s), may convene a meeting in the same manner within three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The Notice period to be given to all registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

— At least 14 clear days' notice writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution of the Company;

— At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution of the Company in EGM.

— Right to put enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

— Right to put forward proposals at general meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 79 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 116 of the Company's Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and notice in writing signed by the person to be proposed of his willingness to be elected. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Investor Relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.ahfh.com.hk.

Constitutional Documents

During the Current Period, there has been no change in the Company's constitutional documents.

On behalf of the Board

Dr. Ng Yu
Chairman and Executive Director

Hong Kong
30 September 2021

INTRODUCTION

Amber Hill Financial Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in securities and commodities brokerage and assets management, advancing business, credit guarantee and investment business, trading of party products, trading of metals and minerals and trading of commodities.

The Environmental, Social and Governance Report (the "ESG Report") discloses the Group's performance and initiatives implemented regarding environmental, social and governance issues and relevant key performance indicators ("KPIs") between 1 January 2020 to 30 June 2021 (the "Reporting Period"). The ESG Report demonstrates to both internal and external stakeholders its efforts on sustainability developments. The report is prepared based on the information available and the best knowledge of the Board of Directors (the "Board").

The ESG Report has been prepared as far as practicable in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 27 to the Rules Governing the Listing of Securities of the Stock Exchange. The reporting principles stated in the ESG Reporting Guide include:

- Materiality: Stakeholder engagement and materiality review were conducted to ensure material ESG issues identified remain relevant and material to our business operations and stakeholders.

- Quantitative: Quantitative KPI are disclosed and accompanied by narrative, explaining its purpose and giving comparative data where appropriate.

- Balance: To provide an unbiased picture of the Group's performance and avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

- Consistency: Unless otherwise stated, the disclosures, KPI data and calculation methods remain consistent throughout the years to facilitate comparability over time.

ESG Governance

The Group strives to operate and develop its business in a sustainable manner with the aims to reduce impact to the environment resulted from its businesses and create values to the community, its people and other stakeholders. With the above objective in mind, the Group established policies in various aspects including, but not limited to, environment, human resources, occupational health and safety and quality control, to govern the required operational standards and to ensure compliance with all relevant laws and regulations. The policies will be reviewed and updated on ongoing basis to cope with any changes in technology, law and regulation and politics.

The Board takes the overall responsibility to assess the potential impacts of ESG issues. The Board regularly evaluate and identify the ESG related risks and opportunities and setting corresponding ESG strategy and objectives. The Group's business and functional departments also help for formulating relevant strategies in their respective areas and for the effectiveness of implementation in accordance with the sustainable development strategies and objectives suggested by the Board.

Reporting Boundary

Same as the reporting scope of the previous report, this report focuses on operations of the Group in the Hong Kong headquarter ("Hong Kong Office") in relation to securities brokerage and asset management and advancing business. The credit guarantee and investment business was deconsolidated from the Group and therefore not covered in the ESG report for the Reporting Period. Currently, the report does not cover all sites and operations of the Group. In the future, the Group will regularly review the reporting scope to ensure that investors and other stakeholders are provided with sufficient and reliable information.

Stakeholder Engagement

The Group values stakeholder engagement and firmly believes that building mutually trusting relationships not only helps stakeholders understand the Group's work and performance in promoting sustainability, but also allows the Group to understand stakeholders' opinions and needs so as to review its potential risks and business opportunities. The Group gets in touch with key stakeholders within and outside the organisation through various open, honest and clear communication channels.

Stakeholder Group	***Communication Channels***
Customers	• Corporate website • Customer assessment/Customer service hotline
Employees	• Performance appraisals • Internal emails • Trainings/Meetings
Suppliers	• Supplier assessment • Site visit
Government and regulatory authorities	• Announcement and other regulatory reports
Investors/Shareholders	• Annual general meeting • Annual and interim reports, announcement • Corporate website
Community	• Industry events • Corporate social responsibility activities

Materiality Assessment

The Board takes the following approach to identify and review the material ESG issues to our business operations:

- Identification — Review the ESG Reporting Guide to identify a pool of potential material ESG issues for the Group's business operations.
- Prioritisation — Priortise the identified ESG issues based on the concerns of our stakeholders conducted through discussions and communications with them.
- Validation — The Board reviews the materiality assessment result from our stakeholders and confirms the list of material ESG issues.
- Review — ESG issues identified are regularly reviewed for their materiality to the Group and formulate corresponding ESG strategies for improvement.

We updated the stakeholder-based materiality assessment during the Reporting Period to ensure that the lists of material ESG issues that identified by the Group are in line with the industry's development and expectation. The following table summarize the material ESG issues identified by the stakeholders

Emissions	Employment	Supply Chain Management
Waste	Health and Safety	Product Responsibility
Use of Resources	Response to COVID-19	Anti-corruption
The Environment and Natural Resources	Development and Training	Community Investment
Climate Change	Labour Standards	

Opinion and Feedback

We value your opinion and feedback on our ESG report, and we would like to hear from you on how we could further improve our performance. Readers are welcome to share valuable views and opinion with the Group at contact@ahfh.com.hk.

ENVIRONMENTAL

The Group attaches much value to environmental protection and sets its goal to create a sustainable living environment for the next generation. The Group identifies materials, processes, products and wastes that cause or may cause pollution, and implements measures to avoid, reduce or control pollution where technically and economically viable. In order to achieve this objective, the Group formulates and implements green guidelines to facilitate the more effective use of natural resources and reduce the environmental impact of its business operation. During the Reporting Period, the Group did not record any non-compliance with relevant laws and regulations that have a significant impact relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Emissions

Greenhouse gas and exhaust gas emission

The air pollutants directly emitted by the Group are mainly exhaust gas from vehicle and vessel engines. The Group believes that maintaining good conditions of vehicles and vessel are important to the efficient performance of works, workplace safety and environment protection. As such, the Group regularly carries out inspection, repair and maintenance works to maintain its vehicles and vessel in good condition.

As greenhouse gas emission is closely linked to climate change and global warming, enterprises around the world have introduced carbon reduction initiatives and goals. By minimising the use, recycling and fully utilising of resources to avoid depletion of resources, the Group strives to reduce carbon footprint to address climate change. Office electricity consumption is the major source of carbon emission of the Group’s business. During the Reporting Period, the Group promoted a range of energy saving initiatives at offices, including shifting to low-power light tubes and encouraging energy-saving practices. Moreover, in order to reduce carbon emission from air business travel, the Group has set up the audio conference room and promoted group discussions on online platforms to reduce business travel during the Reporting Period.

Below sets out the KPIs for air emission and Greenhouse Gas (“GHG”) emissions for the Reporting Period.

Air Emission Data		**Unit**	**Period 2021**	**Year 2019**
Nitrogen Oxides (“NOx”) Emissions		kg	7,103.5	–
Sulphur Oxides (“SOx”) Emissions		kg	222.55	0.09
Particulate matter (“PM”) Emissions		kg	18.65	–
GHG Emission Data				
Scope 1 — Direct Emissions	*Note 1*	tonnes	198.53	14.92
Scope 2 — “Energy Indirect” Emissions	*Note 2*	tonnes	4.86	269.26
Scope 3 — Other Indirect Emissions	*Note 3*	tonnes	3.57	26.4
Total GHG emissions		tonnes	206.96	310.58
Intensity of GHG (tonnes of CO_2 equivalent/sq. ft.)			0.03	0.02

Notes:

1. Scope 1: Direct emission from mobile combustion sources that are owned by the Group.

2. Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

3. Scope 3: Other indirect emission from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.

As described in the section of “Charge of Assets” under Management Discussion and Analysis, our vessel was restricted to be used due to litigation claim in Year 2019. The vessel was released, unencumbered back to the Group’s ownership and possession during the Reporting Period, which increased the air emission data and GHG emission data — Scope 1. We also incorporated the data for kilometers travelled by vehicles in the Reporting Period as the relevant data was not available in Year 2019. GHG emission data — Scope 2 and Scope 3 have been reduced as compared to Year 2019 due to the limited business travel as a result of use of audio conference and COVID-19 pandemic during the Reporting Period. We target to reduce the air and GHG emission continuously by setup new policy for use of vessel and vehicles to improve utilization efficiency.

Waste

During the Reporting Period, no hazardous waste is generated during the routine operations at our Hong Kong office. Non-hazardous wastes generated by the Group mainly come from office wastes and other domestic wastes such as waste paper. For wastepaper, the Group has already contacted recyclers to pick them up from time to time. Other general refuse was collected and handled by the property management company of the office building. Thus the evaluation of hazardous and non-hazardous data as well as description of reduction target set and steps taken to achieve them are not available and applicable to the Group.

The Group takes action to reduce waste by encouraging waste reduction, including using less material and energy to minimise waste generation and preserve natural resources. More specifically, the Group are concentrating our attention and our resources toward alleviating the use of plastic products and other disposable products, as well as reusing festive decorations. Also, the Group promotes communications using electronic means instead of printed version. In additions to waste reduction, the Group implements an office recycling scheme to guide employees to sort and recycle wastepaper, plastics, metal and old batteries.

Use of Resources

The Group is aware of the challenge that Hong Kong faces against climate change and understands that saving resources is one critical mean to reduce carbon footprint. The major direct energy consumption sources include use of electric equipment and lighting from the office and directors' quarter. The Group makes great effort to improve and develop the way to build in a resource efficient manner.

Below sets out the KPIs for energy usage for the Reporting Period.

Energy Consumption	**Unit**	**Period 2021**	**Year 2019**
Electricity consumption	MWh	7.26	332.42
Energy intensity (MWh/sq. ft.)		0.00	0.02

The reduction in electricity consumption as compared to Year 2019 was mainly due to the office and directors' quarter were reallocated to fit-size venue in the Reporting Period. Going forward, we will make continuous efforts in working towards the target of maintaining the energy intensity below 0.10 MWh per square feet.

The Group was unable to disclose water consumption data since the operation of our Group do not involve material consumption of water and the usage of water in our office was recorded by property management company of the office building. The Group did not encounter any issue in sourcing water for our operation. Nevertheless, the Group regularly investigates water leakage and employs water-saving measurements so as to avoid unnecessary water consumption. The Group also creates an awareness of the need for water conservation among employees by promoting easy-to-learn daily behaviours and enhancing internal communication.

The Group does not consume packaging materials during our operations. Therefore, the data on total amount of packaging materials does not apply to the Group.

In addition, the Group target to reduce the usage of resources by implementing several resource saving initiatives in its daily operation as below:

- Employ energy-efficient electric appliance and equipment
- Encourage double-sided printing and use of recycled paper
- Encourage electronic documentation and communication
- Maintain air-conditioning at an average temperature of 25 degrees Celsius
- Switch off lights, air-conditioners and computers when they are not in use

The Environment and Natural Resources

In view of our plan to support the green industry, the Group will prudently consider the establishment of an environmental impact assessment mechanism for investment projects and explore the feasibility of developing green financial services. With the integration of policies and measures to reduce emissions and resources consumption, the Group strives to reduce the negative impacts on the environment and natural resources.

The Group raises staff awareness on environmental issues at work and in life through education and training and enlists employees' support in improving the Group's performance. The Group also supports community activities in relation to environmental protection and sustainability and evaluates regularly and monitors the past and present business activities impacting upon health, safety and environmental matters.

Climate Change

Global warming has been one of the utmost concerned issues in recent years. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences.

Upon evaluation of the potential acute physical risk that may cause disruption to our operation, precautionary measures have been taken by the Company, including work arrangements of extreme weather conditions such as black rainstorm warning, flooding and typhoon signal No. 8. While sustained high temperature may result in an elevation of electricity consumption, the Group has adopted energy conservation measures in managing such risk, which are detailed in the sub-section of "Use of Resources". As for the potential transition risk, the Group continues to monitor the regulatory market environment to ensure that our services meet customers and regulatory expectations.

It is expected that potential extreme weather condition, sustained high temperature, change in environmental-related regulations do not have a material impact on the Group's operations. However, we will continue to monitor the climate-related risks and implement relevant measures to minimize the potential impact of climate change.

SOCIAL

Employment

A sound employment system is the foundation of talent acquisition and retention. The Group stipulates staff handbook and employment policies relating to compensation, recruitment, promotion, dismissal, working hours, rest periods, equal opportunity, anti-discrimination and other welfares.

The Group offers fair and competitive salary and welfare to employees. Salary adjustment and distribution of year-end bonus are based on factors such as results of performance review, employee qualifications, performance at work and market conditions. Apart from statutory and public holidays, the Group provides employees with different paid leaves, such as annual leave, maternity leave, marriage leave, compassionate leave and examination leave.

The Group supports workforce diversity and encourages individuals with different backgrounds to join the Group. At the same time, the Group advocates equal opportunities and does not tolerate any acts of discrimination and harassment. The staff handbook stipulates that employee appointment and promotion are determined by factors such as capabilities, knowledge at work and actual work performance. Employees should not be treated differently on the basis of gender, marital status, pregnancy or disability. Besides, the Group prohibits sexual discrimination in the workplace such as sexual harassment. Employees can lodge complaints of the relevant cases through the administrative and human resources department to protect their legal rights from violation.

The Group strictly complies with the policies and guidelines in the employment laws. During the Reporting Period, the Group has not identified any non-compliance with relevant laws and regulations that have a significant impact relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

As at 30 June 2021, the Hong Kong office of the Group has employed 32 (31 December 2019: 20) full-time employees. The following table set out breakdowns of these employees by gender, employment type and age group. Breakdowns of workforce and employee turnover by geographical region are not presented as the report focuses on operations of the Group in Hong Kong office.

	Unit	**Period 2021**
TOTAL WORKFORCE	No. of employees	32
Workforce by gender		
Female	No. of employees	12
Male	No. of employees	20
Workforce by age group		
30 or below	No. of employees	5
31–50	No. of employees	22
51 or above	No. of employees	5
Workforce by employment type		
Senior management	No. of employees	13
Middle management	No. of employees	8
Entry level	No. of employees	11
EMPLOYEE TURNOVER		
Employee turnover rate by gender		
Female	%	25.0
Male	%	25.0
Employee turnover rate by age group		
30 or below	%	20.0
31–50	%	22.7
51 or above	%	40.0

Health and Safety

The Group cares about employee health and safety and strives to create a safe workplace. To create a safe and friendly working environment, the Group regulates measures to prevent occupational diseases or accidents through the staff handbook and provides regular safety instructions to employees. The Group also implemented the "Guide to Prevent Occupational Disease and Accidents", which regulates preventive measures for occupational disease and accidents. This is to reduce the possibility of injury and occupational diseases of staff, such as upper limb pain, eyestrain and physical fatigue caused by prolonged use of computers.

Work-related accidents handling procedures	Specify procedures to handle minor accident and severe injury, including the location of the first-aid kit
Guide to prevent occupational disease	Remind employees of safety practices regarding lifting heavy goods, using computer equipment and operating other office equipment
Fire guidelines	Enhance employees' capacity to response during fires
Bad weather arrangement	Specify work arrangements when typhoon and heavy rain warnings are hoisted

The Group abides by the relevant laws and regulations such as the Occupational Safety and Health Ordinance. During the Reporting Period, there were no cases of non-compliance with relevant laws and regulations that have a significant impact relating to providing a safe working environment and protecting employees from occupational hazards.

In addition, the Group has purchased employees' compensation insurance and medical insurance for our employees in order to offer protection against treatment of work-related injury and diseases. Staff has been notified to report any potential or suspected occupational health and safety-related issues to the human resources department. Due to the nature of its business, the Group's office operation mainly involves desk work, and no position was found to be associated with high safety risks. During the past three years, there were no work-related fatalities and lost days due to work injury.

		Period 2021	**Year 2019**	**Year 2018**
Work-related fatalities	Number	–	–	–
Lost days due to work injury	day(s)	–	–	–

Our response to COVID-19

COVID-19 continues to put lives and livelihoods at risk around the world. As a caring employer who always puts our staff's health as a top priority, we have adopted different control measures and flexible work arrangements to ensure employees' health is safeguarded. Our measures to combat COVID-19 include:

- Providing protective and disinfection products such as face masks, alcohol-based hand sanitisers, and cleansers in our office
- Arranging employees to work from home by rotation
- And enhance usage of video conferencing system to minimise physical face-to-face meetings
- Requiring employees to check body temperature before reporting for duty and wear a mask in our office
- Monitoring employees' health status

Development and Training

The Group values employee training and development opportunities and encourages employees in different roles to continuously strengthen their knowledge and skills required in career development so that their potential can be developed.

Our staff handbook stipulates the management approach to employee development and training. All new employees have to attend the induction session to learn about the company structure and objectives, employee duties and industry regulations, etc. In addition, the Group provides employees with regular training on licensing requirements of the Securities & Futures Commission ("SFC") of Hong Kong. For compliance with the continuous professional training ("CPT") requirements for employees carrying on regulated activities set out by the SFC, the Group is committed to evaluate its training programs annually to cater for the training needs of the relevant employees.

The Group arranges annual performance appraisal for employees to facilitate communication between employees and their head of department. All employees have participated in the performance appraisal. The Group also conducts regular reviews on its training strategies to enable its talents to develop themselves to their fullest potential.

The following table set out breakdowns of these employees by employment category and gender.

DEVELOPMENT AND TRAINING		
Total workforce trained	No. of employees	13
Employees trained by employment category		
Senior management	No. of employees	7
Middle management	No. of employees	5
Entry level	No. of employees	1
Employees trained by gender		
Female	No. of employees	3
Male	No. of employees	10
Average training hours per employees by employee category		
Senior management	hours/employees	4.9
Middle management	hours/employees	6.9
Entry level	hours/employees	0.7
Average training hours per employees by gender		
Female	hours/employees	3.4
Male	hours/employees	4.3

Labour Standards

The Group respects employees' rights and stipulates the prohibition of child labour or forced labour. The human resources department should verify the identity documents and age of applicants during the process of recruitment to prevent hiring any underage individuals. In the event that any irregularities in ages, identities and/or validities of employment status is subsequently found, employment with all such concerned candidates will be immediately terminated, and the Group will report such incident to the relevant authorities as soon as possible.

During the Reporting Period, the Group has not identified any non-compliance with relevant laws and regulations that have a significant impact relating to preventing child and forces labour.

Supply Chain Management

We continuously evaluate the Group's suppliers in respect to products supplied, service quality and reliability. In addition to the quality of product or service, the Group also pays attention to the environmental and social performance of suppliers as supply chain management is playing an important role in the development of business. The Group is committed to take environmental and social risks into consideration in the supply chain management as below.

Environmental	• Abide by all the environmental laws and regulations applicable to locations where it operates; • Prevention and treatment of pollution; • Ensure the hazardous chemical substances, volatile organic compounds and wastewater are properly handled; and • Recycle resources that can be reused wherever possible
Social	• Prohibit any form of child labour and forced labour; • Health and safety working environment; • Reasonable working hours; • Respect intellectual property rights including copyrights, patents and trademarks; and • Prevent any acts of corruption, bribery and extortion

When choosing suppliers, the Group requires its supply chain partners to uphold principles of ethical business conduct and supervises their modes of operation so as to reduce their impact to the society. Suppliers with certain qualifications will be given preference. In order to maintain the quality of goods and services procured, our suppliers are reviewed regularly and those vendors will be replaced if their performance and quality are below the agreed standard. The Group will terminate business relationship in the case of the suppliers overlook the environmental and social consideration.

The Group is not a manufacturing enterprise and its operation does not involve bulk procurement. With an objective to minimize the carbon emission, suppliers engaged by the Group are local suppliers.

Product Responsibility

To ensure the legal and regulatory compliance measures, the Group has formulated internal policies such as customers complaint handling procedure, compliance manual, and staff handbook, to improve the services responsibility management the Group. The Group is committed to maintain quality of its regulated activities by compliance with such prevailing guidelines and codes issued by the regulatory authorities.

The Group emphasises the provision of clear and accurate guidelines for customers to help them understand the characteristics and risks of the Group's products or services. All promotional materials must be accurate, free from error and easy to understand. Provision of suitable financial products would base on clients' needs and affordability. The Group is also actively formulating the relevant advertising policies to regulate affairs related to product responsibility. For protection of interest of clients, the investment advisors shall ensure clients have basic knowledge of the characteristics and relevant risk level when recommending the investment products.

The Group has established a customer complaint handling mechanism. When customer complaints are received, the employee should record the content of the complaint and report to management for further processing. Upon completion of complaint handling, the relevant employees should give the customer a reply of the complaint. Engagement of regulated activities is not subject to any recall for safety and health reasons, and the Group has not received any service related complaints during the Reporting Period.

The Group is committed to protecting intellectual property rights and not to infringe any third-party interests. We protect intellectual property rights by ensuring licensed software is used for our business operations.

The Group attaches great significance to information security and personal data protection by maintaining policies and guidelines in place which were designed to protect clients' information and privacy. The compliance manual stipulates that appropriate preventive measures should be adopted to protect customers' personal information from being disclosed to any third-party organisations or individuals. All personal data is protected by passwords or stored in a safe location which is only accessible by authorized persons. The staff handbook also lists the specific requirements for employees on protecting client confidentiality and regulates the confidentiality management. All client communication content should also be kept confidential and the Group prohibits its staff to transmit or disclose any personal data of the customers.

During the Reporting Period, the Group was not aware of any case of non-compliance with relevant laws and regulations that have a significant impact relating to health and safety, advertising labelling and privacy matters relating to products and services provided and method of redress.

Anti-corruptions

The Group requests all staff to maintain a high-level ethical practice. Any form of corruption, bribes and fraud is strictly prohibited by the Group. The Group has formulated the whistleblowing policy and the staff handbook to regulate employee and corporate behaviour and to ensure the Group's operation is free of any form of corruption, bribery, extortion, fraud and money laundering. The Group has set up channels such as designated letter box and mailbox to allow employees and other relevant personnel to report cases of corruption. The Group promises that whistleblowers will not be dismissed or mistreated due to the reporting and their personal data will be treated with confidentiality. Investigation work for whistleblowing reports will be handled with strict confidentiality under any circumstances to preserve anonymity.

To ensure the staff is aware of the regulatory obligations and the possible consequences of breaching the obligations, the Group provides regular training to our staff with reference to anti-corruption. The Group also send internal notice in daily communication to ensure the staff is fully aware with the compliance of law and regulations. Depending on the nature of corruption incidents, the Group may adopt actions such as carrying out internal investigation and transferring the incidents to external agency or law enforcement agencies.

During the Reporting Period, no legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the Group was not aware of any case of non-compliance with relevant laws and regulations that have a significant impact relating to bribery, extortion, fraud and money laundering.

Community Investment

The Group participates in social charity and takes the initiatives to reward the society by increasing employment opportunities for local residents, and participating in social charity activities. The Group values community and social responsibility by encouraging the staff to participate in the volunteer services at leisure times. During the Reporting Period, our management and staff have participated in voluntary community services in related to child educational supports. In addition, in response to the COVID-19 outbreak, the Group safeguarded the health of our employees by providing alcohol-based hand sanitisers and cleansers to them to ensure that they were not infected with the virus and to prevent the spread of the virus to the community. The Group will devote more resources to volunteering activities in the future and consider to support or donate to any charitable organizations from time to time where appropriate.

ESG REPORT INDEX

ENVIRONMENTAL		Section Reference
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	• Emissions • Use of Resources • The Environment and Natural Resources
KPI A1.1	The types of emissions and respective emissions data.	• Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	• Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	• Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve.	• Waste

ENVIRONMENTAL		**Section Reference**
Aspect A2: Use of Resources		
General Disclosure	Information on: Policies on the efficient use of resources, including energy, water and other raw materials.	• Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	• Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	• Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	• Use of Resources
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	• The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	• Emissions • Use of Resources • The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	• The Environment and Natural Resources
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• Climate Change

SOCIAL		Section Reference
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	• Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	• Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	• Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	• Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Health and Safety
KPI B2.2	Lost days due to work injury.	• Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	• Health and Safety

SOCIAL		Section Reference
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	• Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	• Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forces labour.	• Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	• Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	• Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	• Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	• Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	• Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Supply Chain Management

SOCIAL		Section Reference
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising labelling and privacy matters relating to products and services provided and methods of redress.	• Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	• Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	• Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	• Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	• Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	• Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	• Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	• Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Anti-corruption

SOCIAL		Section Reference
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	• Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Community Investment

DIRECTORS

Executive Directors

Dr. Ng Yu *("Dr. Ng")*, aged 31, is the chairman of the board and an Executive Director. He is also the chairman of the board of Amber Hill Group and the founder and chairman of Smile Charity Foundation. He has broad business connection in Hong Kong, Mainland China, Europe and America and has extensive experience in financial innovation, internet technology, assets and wealth management. He is currently an executive director of Target Insurance (Holdings) Limited (Stock Code: 6161).

Dr. Ng was graduated from King's College in Hong Kong and later studied in the United States. He obtained an advanced technology leadership professional certificate from the Massachusetts Institute of Technology and a family wealth inheritance program certificate from the Harvard Law School.

The Amber Hill Group, under the management of Dr. Ng, is principally engaged in various licensed regulated activities, including financial services such as life insurance, asset management, wealth management, family trusts, securities trading and futures trading.

Founded by Dr. Ng, the Smile Charity Foundation is dedicated to solving the problems of survival and learning of poor children in Greater China by donating daily necessities, school supplies, scholarships and school buses and providing funds to build and repair school buildings, etc. in different regions of Greater China.

Mr. Lin Feng *("Mr. Lin")*, aged 33, was appointed as an Executive Director on 10 January 2020. Mr. Lin has extensive experience in corporate finance, franchising and scale development. Mr. Lin founded MyCharm, a franchised retail brand in 2011 and Guangzhou Baikong Biotechnology Limited in 2015, focusing on research vector control technology. His innovative research achievement and intellectual property rights have contributed to the development of biotechnology market in Mainland China. In the same year, Mr. Lin established Shenzhen Qianhai Water & Wood Fund Management Limited, principally engaged in the algorithmic trading & private equity, and introduced one of the five most significant overseas hedge funds into China market. He is currently an executive director of Target Insurance (Holdings) Limited (Stock Code: 6161). Mr. Lin obtained a bachelor's degree in 2012 and currently pursuing further doctorate studies at Southern Medical University, China.

Non-executive Director

Mr. Dai Chengyan *("Mr. Dai")*, aged 52, was appointed as a Non-executive Director on 25 August 2021. He is currently an executive director of Target Insurance (Holdings) Limited (stock code: 6161). Mr. Dai was the general manager of the wealth management department of China Resources SZITIC Trust Co., Ltd. from May 2016 to July 2020. He was the deputy general manager of the investment banking department of China Resources Bank from July 2015 to May 2016. From January 2010 to July 2015, Mr. Dai was the general manager of the investment banking and finance department of the China Merchants Bank Guangzhou Branch. Mr. Dai obtained a Master degree in Business Administration in Maastricht School of Management Maastricht, the Netherlands.

Independent Non-executive Directors

Mr. Anthony Espina *("Mr. Espina")*, aged 73, was appointed as an Independent Non-executive Director on 4 June 2007. Mr. Espina has over 50 years of experience in the accounting and finance industry. From May 2013 until his retirement in April 2019, Mr. Espina was the CEO and Chairman of the Management Board and Executive Director of Supervisory Board of ATF Bank in Kazakhstan and of the subsidiary Optima Bank in Kyrgyzstan. He was a Non-Executive Director of the Supervisory Board of ATF Bank from April 2019 to December 2020. He was appointed Advisor to the CEO and Chairman of the Management Board of Samruk Kazyna, the sovereign wealth fund and national holding company of Kazakhstan from February 2018 to April 2021. From May 2019 to April 2021, he was appointed as a Non-Executive Director of KazMunayGas, the national oil company of Kazakhstan. From July, 2014 to May, 2017, Mr. Espina was an Independent Non-Executive Director of the "Single Accumulative Pension Fund", a wholly-owned subsidiary of the National Bank of Kazakhstan administering the pension assets of all employees in Kazakhstan. He is currently an independent non-executive director of Target Insurance (Holdings) Limited and Chairman of the Supervisory Board of Brillink Bank Corporation Limited. He was Chairman of the Hong Kong Securities Association from 2005 to 2007, and is Permanent Hon. President of the Association. He is the Founder and Managing Director of Goldride Securities Limited. Mr. Espina was a partner of Arthur Andersen & Co. from 1982 to 1986 and of Deloitte Touche Tohmatsu from 1986 to 1990. He was the President of the Hong Kong Computer Society from 1978 to 1979. He graduated from the University of Southern Queensland with a bachelor degree in business and has a master degree in Digital Transformation and Innovation Leadership from the IE University in Madrid, Spain. He is an Associate member of CPA Australia, a Fellow member of the Hong Kong Institute of Certified Public Accountants and a Fellow member of the Hong Kong Institute of Directors.

Mr. Wang Jun Sheng *("Mr. Wang")*, aged 60, was appointed as an Independent Non-executive Director on 16 October 2018. Mr. Wang has more than twenty years of experience in equity investment, asset management and banking industry. Mr. Wang is currently a researcher of China Economic and Technological Research Consulting Company Limited. He served as an independent non-executive director of two companies listed on the Shenzhen Stock Exchange, namely Shenzhen Nanshan Power Co. Ltd (Stock code: 000037 & 2000037) and China Merchants Shekou Industrial Zone Holdings Co., Ltd (stock code: 001979). Save as disclosed above, Mr. Wang does not on the date hereof hold, and has not in the last three years held, any directorship in other public listed companies in Hong Kong or overseas. Mr. Wang received a Ph.D. from Huazhong University of Science & Technology.

Mr. Lo Hang Fong *("Mr. Lo")*, aged 58, was appointed as an Independent Non-executive Director on 19 March 2020. He is currently a partner of a law firm, Stevenson, Wong & Co. Mr. Lo has been admitted as a solicitor to the High Court of Hong Kong since 1989. He was also admitted as a solicitor to the Supreme Court of Singapore in 1995 and the Supreme Court of England and Wales in 1996. Mr. Lo is currently an independent non-executive director of Bonjour Holdings Limited (Stock Code: 653), a company listed on the Main Board of the Stock Exchange. Save as disclosed above, Mr. Lo does not on the date hereof hold, and has not in the last three years held, any directorship in other public listed companies in Hong Kong or overseas. He was graduated from the University of Bristol with a bachelor of law degree in 1986.

SENIOR MANAGEMENT

Ms. Leong Kai Weng Subrina ***("Ms. Leong")*** was appointed as the company secretary of the Company with effect from 7 October 2021. Ms. Leong has over 10 years of experience in the fields of financial reporting, corporate finance, company secretarial and auditing. Ms. Leong is a member of Hong Kong Institute of Certified Public Accountants and an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Ms. Leong obtained her Bachelor's degree in Business Administration in Professional Accountancy from The Chinese University of Hong Kong in 2009 and a Master's degree in Corporate Governance from The Hong Kong Polytechnic University in 2017. Prior to joining the Company, Ms. Leong served as financial controller or finance manager of various companies listed on The Stock Exchange of Hong Kong Limited from 2013 to 2020 and worked at PricewaterhouseCoopers from 2009 to 2013. Ms. Leong is currently the company secretary of Kelfred Holdings Limited (stock code: 1134) and the company secretary of Target Insurance (Holdings) Limited (stock code: 6161).

The directors present their annual report and audited consolidated financial statements for the eighteen months ended 30 June 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set forth in note 1 to the consolidated financial statements. The discussion and analysis as required by schedule 5 to the Hong Kong Companies Ordinance are set out in the Management Discussion and Analysis in this annual report. The aforesaid discussion forms part of the report of the directors.

RESULTS AND DIVIDEND

The results of the Group for the Current Period are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report.

The Directors do not recommend the payment of any dividends for the Current Period.

BUSINESS REVIEW

The business review of the Group for Current Period is set out in Management Discussion and Analysis in this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30 June 2021 are set out in note 29 to the consolidated financial statements.

DONATION

No donation was made by the Group during the Current Period (Previous Period: Nil).

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Current Period are set out in note 27 to the consolidated financial statements.

For issue of new shares under General Mandate, please refer to "Capital Structure and Fund Raising Activities" under Management Discussion and Analysis section.

COMMITMENTS

Details of commitments of the Group are set out in note 42 to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Details of the Group's events after the reporting period are set out in note 45 to the consolidated financial statements.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company and its movements during the Current Period are set out in note 37 to the consolidated financial statements.

DIRECTORS

Executive Directors

Ng Yu *(Chairman)*
Lin Feng *(Appointed on 10 January 2020)*
Wei Weicheng *(Resigned on 25 August 2021)*
Huang Shao Long *(Appointed on 10 January 2020 and re-designated as a Non-executive Director on 19 March 2020)*
Chan Chi Ming *(Appointed on 6 April 2020 and resigned on 31 March 2021)*
Zhao Hong Mei *(Not being re-elected on 4 September 2020)*
Li Junheng *(Not being re-elected on 10 January 2020)*

Non-executive Directors

Dai Chengyan *(Appointed on 25 August 2021)*
Huang Shao Long *(Appointed as an Executive Director on 10 January 2020, re-designated on 19 March 2020 and resigned on 25 August 2021)*

Independent Non-executive Directors

Anthony Espina
Wang Jun Sheng
Lo Hang Fong *(Appointed on 19 March 2020)*

Pursuant to Article 114 of the Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to Article 115 of the Articles, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

None of the Directors offering themselves for re-election at the forthcoming Annual General Meeting 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 sent out annual confirmation of independence to all directors who were on board at an time being the Current Period and up to the date of this report. The Company has received an annual confirmation of independence from each of the current Independent Non-executive Directors pursuant to Listing Rule 3.13 and considers that these current the Independent Non-executive Directors to be independent.

Each of the Independent Non-Executive Directors was appointed for a fixed term and is subject to retirement by rotation at the Annual General Meeting.

None of the Executive Directors has any service contract with any member of the Group.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND THE ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Appendix 10 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") Listing Rules, were as follows:

Name	Nature of Interests	Number of shares	Class of Share	Percentage to the issued share capital of the Company
Ng Yu	Beneficial Owner	244,800 (long position)	Ordinary shares	0.05%
	Interest in controlled corporation	390,821,084	Ordinary shares	72.74%

Save as disclosed above, as at 30 June 2021, as far as the Directors are aware, none of the Directors had any other interests, long positions or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. As at 30 June 2021, the Company had no Chief Executive Officer.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on information available to the Board and to the best knowledge of the Board, as at 30 June 2021, other than the interests of the Directors and Chief Executive Officer as disclosed above, the following persons had interests 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. The number of shares in the issued share capital of the Company as at 30 June 2021 was 537,245,104.

Name	Nature of Interests	Number of shares	Percentage to the issued share capital of the Company
Neo Tech Inc. *(Note)*	Beneficial Owner	390,821,084 (long position)	72.74%

Note: Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Dr. Ng. Dr. Ng is therefore deemed to be interested in the Shares held by Neo Tech Inc. in accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Based on information available to the Board and to the best knowledge of the Board, save as the rights issue (the "Rights Issue") and share subscription (the "Share Subscription") disclosed in circular of the Company dated 4 November 2020, the prospectus of the Company dated 11 December 2020 and the announcements of the Company dated 7 December 2020, 31 December 2020, 13 January 2021 and 25 January 2021 respectively, or otherwise as disclosed herein, at no time during the Current Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Based on information available to the Board and to the best knowledge of the Board, save as the Rights Issue and the Share Subscription, or otherwise as disclosed herein (including those in the section headed "Connected Transaction"), there was no transaction, arrangement or contract of significance to which the Company, its holding company, any of its subsidiaries or any of its fellow subsidiaries was a party in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Current Period or at any time during the Current Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Based on information available to the Board and to the best knowledge of the Board, none of the Directors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the Current Period.

CONTROLLING SHAREHOLDER'S INTEREST IN CONTRACTS

Based on information available to the Board and to the best knowledge of the Board, save as the Rights Issue and the Share Subscription, or otherwise as disclosed herein (including those in the section headed "Connected Transaction"), no contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Group's controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Current Period.

CONNECTED TRANSACTION

On 6 November 2019, the convertible bonds issued by the Company with the principal amount of HK$100,000,000 (the "Convertible Bonds") was transferred to Neo Tech Inc., of which Dr. Ng Yu is the beneficial owner.

On 25 March 2020, Neo Tech Inc. made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the Convertible Bonds with principal amount of HK$100,000,000 from 18 February 2020 to 18 February 2022, subject to approval from independent shareholders of the Company and The Stock Exchange of Hong Kong Limited. Neo Tech Inc. represented that it will not make any claims against the Company on the overdue of the Convertible Bonds. Subsequently the outstanding principal amount and accrued interests of the Convertible Bonds were fully redeemed and cancelled by the Company with the use of the proceeds from the Rights Issue and Share Subscription.

EMPLOYEES AND REMUNERATION POLICIES

The remuneration policy of the senior management of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of the merits, qualifications and competence of employees. The emoluments of the Directors are decided by the Remuneration Committee with regard to the Group's operating results, individual performance and comparable market statistics. Based on information available to the Board and to the best knowledge of the Board, none of the Directors or any of their associates, and executives is involved in deciding his own remuneration during the Current Period. As at 30 June 2021, the Group had 32 employees (2019: 27 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate liability insurance for the Directors and senior management of the Group to indemnify their liabilities arising out of corporate activities.

The insurance coverage is reviewed on an annual basis.

Throughout the Current Period, no claim had been made against the Directors and the officers of the Company.

SHARE OPTION SCHEME

Details of the share option scheme adopted by the Company on 26 June 2017 and movements of the share options during the Current Period are set out in note 28 to the consolidated financial statements.

KEY RISKS AND UNCERTAINTIES

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Liquidity Risk

Liquidity risk mainly refers to the risk of liquid capital deficiency when the Group performs its obligations in relation to its financial liabilities. Liquidity risk management constitutes an essential part of the Group's risk management function. The Group is required to meet various statutory liquidity requirements as prescribed by the relevant regulatory authorities and has put in place a monitoring system to ensure that it maintains adequate liquid capital to support its business commitments and to comply with the relevant Financial Resources Rules.

Credit Risk

Credit risk refers to the risk of economic losses stemming from failure of any counterparty or borrower to meet their contractual obligations. The Group monitors closely the changes in loan balances and positions of any single major client. In the event of any sudden adverse change in market conditions, the relevant salesperson will be urged to take prompt remedial action, such as requesting clients to reduce positions, depositing funds or improving quality of their stock portfolio to maintain risks at a level acceptable to the Group. Meanwhile, to avoid over concentration of credit risk, the Group has set upper limits on client concentration risk and stock concentration risk and imposed caps on margin lending secured against a single stock for individual clients. The Group also performs due diligence reviews to examine the background of applicants and project authenticity before any sizable loan applications are submitted for approval. In the course of project approval, the team provides suggestions on risk prevention and control over critical risk factors of projects and delivers separate risk analysis reports. As for post-financing management, the responsible business team and the relationship managers perform on-going monitoring over existing projects and pay heed to any change in the operating and financial position of borrowers and investment projects. They also monitor the quality of the relevant collaterals, perform internal rating for the approved projects based on their latest credit standing and issue a warning to the management when abnormalities arise. The monitoring findings will be reported to the management on a monthly basis.

Regulatory and Compliance Risks

The Group upholds a robust Legal and Compliance Risk Management Framework by understanding the regulatory environment on current business, assessing severity level and causes of identified legal and compliance risk and formulate on-going comprehensive plan to carry out remedies and refinements for mitigation and remediation. To mitigate the relevant risks, all rounded Group policies, procedures and standardized templates are implemented and updated timely with business development and regulatory rules changes. Through sounded management system and procedures, the professional team monitors and prevents compliance risks in relation to anti-money laundering, conflict of interests, information barriers, market misconducts etc..

Technology Risk

Technology risk refers to the risk of loss related to information technology due to inadequate information technology and processing in terms of manageability, integrity, controllability, and continuity. The Group has established internal control policy which covers risk governance, communication, monitoring, assessment, mitigation and acceptance and is supported by a set of IT policies, standards and controls.

Reputational Risk

Reputational risk is the risk that the Group's reputation is damaged by reputation events, as reflected from negative publicity, as a result of business practices, conduct or financial condition of the Group or its representatives, potentially causing irreparable damage to the Group's brand value. The Group has adopted the prudent and proactive approach to managing reputational risk. The Group's corporate governance system, clearly communicated corporate values emphasizing integrity and ethical conduct in every business decision and activity; and integrated approach to managing risk set the foundation for minimizing reputation risk.

Details of the Group's financial risks which include credit risk, liquidity risk, interest risk, currency risk and equity price risk and the relevant management policies are set out in note 43 in the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to supporting the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group's environmental impact. Energy saving and power monitoring systems are in place for various business units to monitor our environmental performance. The Company also strives to implement recycling and reducing measures in office premises where applicable.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Current Period, based on information available to the Board and to the best knowledge of the Board, there was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands that the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationships with each of its key stakeholders.

The details of the Group's major customers, the credit terms granted to them and credit risk exposure are set out in the section headed "Major Customers and Suppliers" in the "Report of the Directors" and note 43(a)(i) to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Based on information available to the Board and to the best knowledge of the Board, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Current Period.

DIVIDEND POLICY

According to recent amendments to the Corporate Governance Code and the related listing rules, the Company has set up dividend policy as from 1 January 2019. In determining whether to propose a dividend and the relevant dividend pay-out ratio, the Board will consider, including but not limited to, the Group's earnings performance, financial position, expected working capital requirements, investment requirements, future expansion plan and general economic condition as well as other external factors that may have an impact on the business of the Company. The payment of dividend is also subject to any restrictions and requirements under the Cayman Islands law, the Company's articles of association and the Listing Rules. There is no assurance that a dividend will be proposed or declared in any given year.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report of this annual report.

PUBLIC FLOAT

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

MANAGEMENT CONTRACT

Based on information available to the Board and to the best knowledge of the Board, no contract for the management and administration of the whole or any substantial part of any business of the Company was entered into or existed during the Current Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Current Period, the percentages of purchases attributable to the Group's largest supplier and five largest suppliers combined were 16.25% and 57.44%, respectively (2019: 80.1% and 95.2%). For the Current Period, the percentages of sales attributable to the Group's largest customer and 5 largest customers combined were 17.13% and 60.86%, respectively (2019: 29.2% and 95.7%). Based on information available to the Board and to the best knowledge of the Board, at no time during the Current Period did a director, an associate of a director or a substantial shareholder (owned more than 5% of the Company's issued share capital to the knowledge of the directors) has a beneficial interest in any of the Group's five largest suppliers or customers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, saved for disclosures elsewhere in this report, the changes in information of directors subsequent to the date of the interim report for the twelve months ended 31 December 2020 of the Company is set out below:

Mr. Chan Chi Ming resigned as an executive director and Chief Executive Officer of the Company and ceased to be a member of the Executive Committee of the Board with effect from 1 April 2021.

AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the eighteen months ended 30 June 2021 have been reviewed and approved by the audit committee of the Company (the "Audit Committee"). The Audit Committee is of the opinion that such audited consolidated financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements save as those disclosed in the Auditor's disclaimer of opinion. The Audit Committee therefore recommended for the Board's approval of the Group's audited consolidated financial statements for the eighteen months ended 30 June 2021.

For details of the view of the Audit Committee on the Auditor's disclaimer of opinion, please refer to "Additional Information on Auditor's Opinion" section on page 15.

AUDITOR

The consolidated financial statements of the Group for the Current Period have been audited by CHENG & CHENG LIMITED ("C&C") who will retire and, being eligible, offer themselves for re-appointment. A resolution for re-appointment of C&C as auditor of the Company is to be proposed at the forthcoming AGM.

On behalf of the Board

Dr. Ng Yu
Chairman and Executive Director

Hong Kong, 30 September 2021

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AMBER HILL FINANCIAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Amber Hill Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 187, which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the eighteen months ended 30 June 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the eighteen months ended 30 June 2021 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 QUALIFIED OPINION

Deconsolidation of subsidiaries

As disclosed in note 18 to the consolidated financial statements, during the year ended 31 December 2019, the directors of the Company (the "Board") were unable to obtain cooperation from the legal representative, directors and key management of a subsidiary, namely, Harmonic Strait Credit Guarantee Company Limited (和協海峽融資擔保有限公司) ("Harmonic Strait" or the "Deconsolidated Subsidiary") and the wholly owned subsidiaries of Harmonic Strait namely Shenzhen Hanhong SCM Co., Ltd. (深圳瀚宏供應鏈管理有限公司) and Shenzhen Sunnyway International Trading Company Limited (深圳薩尼威國際貿易有限公司) (together with Harmonic Strait, collectively known as the "Deconsolidated Subsidiaries"). Therefore, the Board had been unable to access to the books and records of the Deconsolidated Subsidiaries for the year ended 31 December 2019. The consolidated financial statements of the Group for the year ended 31 December 2019 (the "2019 consolidated financial statements") were prepared on the basis that the deconsolidation of the Deconsolidated Subsidiaries was deemed to be effective on 1 January 2019 (the "Deconsolidation") as the Board considered that it presented more fairly the results, state of affairs and cashflows of the Group as a whole in light of incomplete books and records of the Deconsolidated Subsidiaries. No sufficient evidence had been provided to satisfy ourselves as to whether the Company had lost control of Deconsolidated Subsidiaries since 1 January 2019. Due to such audit scope limitation, our audit opinion on the Group's consolidated financial statements for the year ended 31 December 2019 was modified.

During the current financial period, the Board and its legal advisers discovered that the license necessary for the operation of the credit guarantee and investment business in the People's Republic of China (the "PRC") was terminated in February 2020. Application for the termination was submitted to the relevant government department in August 2019. The application was made without authorisation from the Board. Therefore, it was concluded that the Company had lost its right to direct the relevant activities of the Deconsolidated Subsidiaries and thus lost control of the Deconsolidated Subsidiaries around August 2019, or in any case, no later than 31 December 2019.

Our audit opinion on the consolidated financial statements for the period ended 30 June 2021 is also modified because of the possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the 2021 figures and the 2019 figures in the consolidated financial statements for the period ended 30 June 2021 (the "2021 consolidated financial statements").

Loss on Deconsolidation of the Deconsolidated Subsidiaries

Due to lack of complete books and records of the Deconsolidated Subsidiaries mentioned above, we were unable to obtain sufficient appropriate audit evidence to determine whether the loss on the Deconsolidation recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 amounting to approximately HK$120,156,000 was free from material misstatement. Due to such audit scope limitation, our audit opinion on the 2019 consolidated financial statements was modified. Our audit opinion on the 2021 consolidated financial statements is also modified because of the possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the 2021 figures and the 2019 figures in the 2021 consolidated financial statements.

Amount due to a Deconsolidated Subsidiary

As disclosed in note 38 to the consolidated financial statements, the Group recorded amount due to a Deconsolidated Subsidiary of approximately HK$8,467,000 as at 31 December 2019 and 30 June 2021. As further disclosed in note 18 to the consolidated financial statements, the Board had been unable to gain access to the books and records of the Deconsolidated Subsidiary and had been unable to obtain information and explanations from management of the Deconsolidated Subsidiary on matters concerning the books and records of the Deconsolidated Subsidiary. There were no other satisfactory alternative audit procedures that we could perform to satisfy ourselves as to whether the amount due to a Deconsolidated Subsidiary was free from material misstatement. We have not been able to obtain sufficient appropriate audit evidence to determine the validity and completeness of the amount due to a Deconsolidated Subsidiary as at 31 December 2019 and 30 June 2021. Due to such audit scope limitation, our audit opinion on the 2019 consolidated financial statements was modified. Our audit opinion on the 2021 consolidated financial statements is also modified accordingly.

Any adjustments found to be necessary may have consequential significant effects on the balances of the amount due to a Deconsolidated Subsidiary, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiary as at and for the eighteen months ended 30 June 2021 and other elements in the consolidated financial statements for the eighteen months ended 30 June 2021 and hence on the net assets of the Group as at 30 June 2021 and loss and other comprehensive income and cash flows of the Group for the eighteen months ended 30 June 2021 and related disclosures thereof in the consolidated financial statements. Our audit opinion on the consolidated financial statements for the period ended 30 June 2021 is also modified because of the possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the 2021 figures and the 2019 figures the 2021 consolidated financial statements.

Limitation of scope on interest in an associate

As stated in note 17 to the consolidated financial statements, the Group has accounted for its interest in an associate using the equity method. As at 31 December 2019, the carrying amount of the interest in an associate was approximately HK$586,000, and the Group's share of profit of an associate and impairment loss on interest in an associate for the year ended 31 December 2019 were approximately HK$5,396,000 and HK$46,445,000 respectively. However, during the course of our audit of the 2019 consolidated financial statements, we had not been able to obtain sufficient information and explanations from the management of the associate that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's share of associate's result and impairment loss on interest in an associate for the year and thus the carrying amount of the interest in an associate included in the Group's consolidated statement of financial position as at 31 December 2019 were fairly stated and whether the summarised financial information of an associate as shown in the consolidated financial statements are properly disclosed. In addition, the impairment assessment on the recoverable amount of interest in an associate was based on asset approach determined by the Board of the Company. However, the Board could not provide sufficient appropriate audit evidence to substantiate the appropriateness of adopting asset approach, the reasonableness of the assumptions and financial data used in the asset approach and thus the carrying amount of the interest in an associate included in the Group's consolidated statement of financial position as at 31 December 2019 were fairly stated and whether the summarised financial information of an associate as shown in the consolidated financial statements were properly disclosed. There were no other satisfactory alternative audit procedures that we could adopt to obtain sufficient appropriate audit evidence in this regard.

Refer to note 19 to the consolidated financial statements, the Company entered into share transfer agreement to dispose of its entire equity in Ya Tou Huijin (Beijing) Assets Management Co., Ltd. (亞投匯金(北京)資產管理有限公司) ("Ya Tou Huijin") and its associate, Sunrise Insurance Broker Company Limited ("Sunrise Insurance") (collectively, the "Disposal Group") on 26 March 2020 to the vendor (the "Associate Disposal"), a gain on disposal of the Disposal Group of approximately HK$13,444,000 was recognised for the eighteen months ended 30 June 2021. However, as our audit scope limitations in our audit of the 2019 consolidated financial statements remained unresolved, we have not been able to obtain sufficient information and explanations from the management of the associate that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's share of associate's result for the period from 1 January 2020 to the date of disposal was fairly stated. Consequently, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the Group's gain on disposal of the Disposal Group for the eighteen months ended 30 June 2021 is fairly stated. Any adjustment to the amount of the above interest in an associate as at 31 December 2019 found to be necessary would have a consequential impact on the Group's share of associate's result and gain on disposal of the Disposal Group for the eighteen months ended 30 June 2021.

Our audit opinion on the 2021 consolidated financial statements is also modified because of the possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the related 2021 figures and the 2019 figures in the 2021 consolidated financial statements.

Limitation of scope on trading of security products and provision of security services business segment

Our audit opinion on the 2019 consolidated financial statements was modified as we had not been able to obtain sufficient appropriate audit evidence to determine whether the revenue, cost of sales, trade receivables, other receivables, trade payables, tax payables and non-controlling interests of trading of security products business were fairly stated in the 2019 consolidated financial statements. Our audit opinion on the 2019 consolidated financial statements was also modified on the related impairment on intangible assets and goodwill, and fair value change of contingent consideration receivables relating to the trading of security products and provision of security services business segment. Details of our modified opinion on the 2019 consolidated financial statements are set out in our auditor's report dated 7 July 2020.

As disclosed in note 19 to the consolidated financial statements, pursuant to a loan agreement entered into between Ya Tou Huijin and an independent third party as lender, a share pledge (the "Share Pledge") over the Group's 51% equity interest in Dewe Kexin (Beijing) Technology Co., Ltd. (德威可信(北京)科技有限公司) ("Dewe Kexin") created as security for a loan in principal amount of RMB5,000,000 (the "Loan") was registered on 14 January 2020. The Share Pledge was subsequently enforced on 17 February 2020. As a result, Dewe Kexin ceased to be a subsidiary of the Company ("Dewe Disposal").

As disclosed in note 19 to the consolidated financial statements, on 30 June 2020, the Group entered into a sale and purchase agreement ("ISN Disposal") with Beijing Dewe Security Services Co., Ltd. (北京德威保安服務有限公司) ("Beijing Dewe") in relation to the disposal of the entire issued share capital of International Security Net Co., Company Limited ("ISN") and other receivables for a total consideration of HK$8,750,000, by way of by procuring Hongkong Dewe Security Services Co., Limited (香港德威保安服務有限公司), being a company incorporated in Hong Kong and wholly owned by Beijing Dewe and together with Beijing Dewe, the joint holders of the Convertible Bonds, to surrender the Convertible Bonds to the Company for cancellation.

Dewe Kexin and ISN constituted the trading of security products and provision of security services business segment, which was considered as discontinued operation upon the Dewe Disposal and ISN Disposal were completed. The operation results of Dewe Kexin and ISN and gain or loss on Dewe Disposal and ISN Disposal were included in and presented as "Loss for the period from discontinued operation" of approximately HK$4,548,000 in the consolidated statement of profit or loss and other comprehensive income for the eighteen months ended 30 June 2021.

As disclosed in note 19 to the consolidated financial statements, on 30 June 2020, Beijing Dewe and the Group entered into a supplemental deed, pursuant to which it was mutually agreed that profit guarantee for the year ended 31 December 2019 was unfulfilled. Beijing Dewe agreed to surrender the corresponding 2021 Convertible Bonds in the principal amount of HK$26,250,000, being compensation for the non-fulfilment of the 2019 profit guarantee. It was further mutually agreed that profit guarantee for the year ended 31 December 2020 was to be terminated. Beijing Dewe agreed to surrender the corresponding 2021 Convertible Bonds in the principal amount of HK$35,000,000 to the Company for cancellation. The cancellation has been completed during the eighteen months ended 30 June 2021 and loss on cancellation of profit guarantee and convertible bonds of approximately HK$10,647,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the eighteen months ended 30 June 2021.

During our audit for the eighteen months ended 30 June 2021, because our audit scope limitations in our audit of the 2019 consolidated financial statements remained unresolved, we have not been able to obtain sufficient appropriate audit evidence that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's loss for the period from discontinued operation for the eighteen months ended 30 June 2021 were fairly stated. Any adjustment to the carrying amount of the above subsidiaries as at 31 December 2019 found to be necessary would affect the Group's loss for the period from discontinued operation for the eighteen months ended 30 June 2021.

Our audit opinion on the 2021 consolidated financial statements is also modified because of the audit scope limitation and possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the restated 2021 figures and the restated 2019 figures, together with the financial information shown in note 19, in the 2021 consolidated financial statements.

Limitation of scope on Impairment assessment of loan receivables and trade receivables

The Board had assessed the recoverability of loan receivables and trade receivables arising from the Group's advancing business and considered that the collectability was doubtful and therefore wrote down the net carrying amounts to HK$Nil during the year ended 31 December 2019, however, we have not been able to obtain sufficient appropriate audit evidence regarding the impairment assessments of the outstanding loan receivables and trade receivables arising from the Group's advancing business. The limitations included but not limited to (i) sufficiently documented credit risk assessments, basis and supporting documentation for the results of the credit reviews and (ii) assessment on the recoverable amount of pledged assets. Due to insufficient documentary evidence concerning the credit reviews and assessment on the recoverable amount of pledged assets made available to us, there were no other satisfactory alternative audit procedures we could perform to satisfy ourselves as to the recoverability of the net carrying amounts of the loan receivables, the recoverable amount of pledged assets and the adequacy of the allowance for impairment of the loan receivables and trade receivables and hence as to whether the carrying amount of the loan receivables and trade receivables for the year ended 31 December 2019 were free from material misstatements. Our audit opinion on the 2019 consolidated financial statements was modified accordingly. During our audit for the eighteen months ended 30 June 2021, the Board has taken into account the circumstances described in note 22 to the consolidated financial statements and concluded that it is appropriate to fully impair the related loan receivables and trade receivables. However, our audit scope limitations in our audit of the 2019 consolidated financial statements remained unresolved, we are not able to satisfy ourselves whether no write-down on the loan receivables and trade receivables during the eighteen months ended 30 June 2021 was appropriate. Any adjustment to the carrying amount of the loan receivables and trade receivables as at 31 December 2019 found to be necessary would have a consequential impact on the impairment loss of the loan receivables and trade receivables and loss for the eighteen months ended 30 June 2021.

Our audit opinion on the 2021 consolidated financial statements is also modified because of the possible effect of our audit scope limitation on 2019 consolidated financial statements on the comparability of the related 2021 figures and the 2019 figures in the 2021 consolidated financial statements.

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 qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2(c) to the consolidated financial statements, which states that the Group recorded a loss attributable to equity shareholders of the Company of approximately HK$67,786,000 and net operating cash outflows of approximately HK$113,000,000 for the eighteen months ended 30 June 2021. These matters indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified opinion and materiality uncertainty related to going concern sections, we, have determined the matter below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition for trading of party products and commodities	
We identified the revenue recognition for trading of party products and commodities as a key audit matter due to its significance to the consolidated statement of profit or loss and other comprehensive income. The accounting policy for revenue recognition for trading of party products and commodities are disclosed in note 2 to the consolidated financial statements. During the eighteen months ended 30 June 2021, the revenue generated from trading of party products and commodities are HK$174,666,000 and HK$141,519,000, respectively, as set out in note 3 to the consolidated financial statements.	Our procedures in relation to the revenue recognition for trading of party products and commodities included: • Obtained an understanding of the Group's revenue recognition policy and key controls for trading of party products and commodities; • Evaluated the key controls over the revenue recognition process for trading of party products and commodities; • Inspected contracts with customers, on a sample basis, to understand the terms of the sales transactions including the terms of delivery and acceptance to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards; • Tested the revenue derived from customers for selected samples by examination of the invoices and goods delivery notes to revenue recorded; and • Compared the delivery dates based on delivery notes with the timing of revenue recognition, and examined transactions which occurred immediately before and after the end of the reporting period for their recording as revenue in the proper periods.

OTHER INFORMATION IN THE ANNUAL REPORT

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.

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 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 is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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 our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

We communicate with 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the 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.

CHENG & CHENG LIMITED
Certified Public Accountants

Chan Shek Chi
Practising Certificate Number P05540
Hong Kong
30 September 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021**	For the year ended 31 December 2019 (Restated)
		HK$'000	HK$'000
Continuing operations			
Revenue	3 & 39	**339,436**	53,692
Cost of sales and services		**(306,568)**	(41,060)
Gross profit		**32,868**	12,632
Other revenue and other net gain	4	**4,020**	6,815
Operating expenses		**(69,431)**	(60,854)
Loss from operations		**(32,543)**	(41,407)
Finance costs	5	**(14,466)**	(15,671)
Other non-operating income/(expenses)			
Loss on disposal of property, plant and equipment		**(3)**	–
Loss on cancellation of profit guarantee and convertible bonds		**(10,647)**	–
Share of profit of an associate		**–**	5,396
Loss on deregistration of a subsidiary		**–**	(159)
Loss on deconsolidation of subsidiaries	18	**–**	(120,156)
Gain on disposal of subsidiaries	19	**13,444**	2,616
		2,794	(112,303)
Loss before impairment and tax		**(44,215)**	(169,381)
Impairment loss on goodwill	16	**–**	(3,000)
Impairment loss on intangible assets	14	**–**	(18,388)
Impairment loss on interest in an associate	17	**–**	(46,445)
Impairment loss on right-of-use assets	13	**(3,387)**	(1,912)
Impairment loss on loan receivables, net	43	**–**	(111,128)
Impairment loss on trade receivables, net	43	**(1,239)**	(14,273)
Impairment loss on deposit paid, net	43	**(5,855)**	(12,780)
Impairment loss on other receivables, net	43	**(6,198)**	(4,910)
		(16,679)	(212,836)
Loss before tax	6	**(60,894)**	(382,217)
Income tax expense	7	**(2,355)**	(10)
Loss for the period/year from continuing operations		**(63,249)**	(382,227)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021 HK$'000**	For the year ended 31 December 2019 (Restated) HK$'000
Discontinued operation			
Loss for the period/year from discontinued operation	20	**(4,548)**	(1,171)
Loss for the period/year		**(67,797)**	(383,398)
Other comprehensive loss for the period/year			
Item that may be reclassified subsequently to profit or loss:			
Release of translation reserve upon disposal of foreign subsidiaries		**(479)**	(75)
Release of translation reserve upon deconsolidation of foreign subsidiaries		**–**	(2,020)
		(479)	(2,095)
Exchange differences on translating financial statements of:			
— subsidiaries		**1,350**	(126)
— associate		**–**	253
		1,350	127
Total other comprehensive loss for the period/year		**871**	(1,968)
Total comprehensive loss for the period/year		**(66,926)**	(385,366)
Loss for the period/year attributable to:			
Equity shareholders of the Company			
— Continuing operations		**(63,238)**	(377,578)
— Discontinued operation		**(4,548)**	(2,798)
		(67,786)	(380,376)
Non-controlling interests			
— Continuing operations		**(11)**	(4,649)
— Discontinued operation		**–**	1,627
		(11)	(3,022)
		(67,797)	(383,398)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021 HK$'000**	For the year ended 31 December 2019 (Restated) HK$'000
Total comprehensive loss for the period/year attributable to:			
Equity shareholders of the Company			
— Continuing operations		**(62,364)**	(379,546)
— Discontinued operation		**(4,548)**	(2,605)
		(66,912)	(382,151)
Non-controlling interests			
— Continuing operations		**(14)**	(4,649)
— Discontinued operation		**–**	1,434
		(14)	(3,215)
		(66,926)	(385,366)
Loss per share	9		
— **Basic**			
— Continuing operations		**HK26.63 cents**	HK403.83 cents
— Discontinued operation		**HK1.92 cents**	HK2.99 cents
		HK28.55 cents	HK406.82 cents
— **Diluted**			
— Continuing operations		**HK26.63 cents**	HK403.83 cents
— Discontinued operation		**HK1.92 cents**	HK2.99 cents
		HK28.55 cents	HK406.82 cents

The notes on pages 79 to 187 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 HK$'000**	As at 31 December 2019 HK$'000
Non-current assets			
Property, plant and equipment	12	**17,984**	17,180
Right-of-use assets	13	**–**	–
Intangible assets	14	**–**	11,188
Deposit paid	24	**400**	400
Loan receivables	22	**–**	–
Goodwill	16	**–**	489
Contingent consideration receivables	32	**–**	34,230
Interest in an associate	17	**–**	586
		18,384	64,073
Current assets			
Trading securities	21	**174**	114
Loan receivables	22	**–**	–
Trade receivables	23	**108,998**	18,654
Prepayments, deposits and other receivables	24	**18,006**	26,577
Contingent consideration receivables	32	**–**	26,110
Tax recoverable		**–**	45
Client trust bank balance	25	**763**	1,924
Cash and cash equivalents	26	**248,778**	13,525
		376,719	86,949
Total assets		**395,103**	151,022
Capital and reserves			
Share capital	27	**5,372**	938
Reserves		**144,107**	(111,085)
Equity attributable to shareholders of the Company		**149,479**	(110,147)
Non-controlling interests		**3**	8,829
Total equity		**149,482**	(101,318)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021 HK$'000**	As at 31 December 2019 HK$'000
Non-current liabilities			
Lease liabilities	34	**1,427**	–
Convertible bonds	37	**–**	52,890
Deferred tax liabilities	36	**–**	2,797
		1,427	55,687
Current liabilities			
Trade payables	30	**53,436**	7,764
Accruals and other payables	31	**21,978**	43,304
Lease liabilities	34	**1,860**	5,976
Other loans	35	**41,852**	13,000
Convertible bonds	37	**114,248**	108,601
Amount due to a deconsolidated subsidiary	38	**8,467**	8,467
Tax payables		**2,353**	2,961
Provisions	33	**–**	6,580
		244,194	196,653
Total equity and liabilities		**395,103**	151,022
Net current assets/(liabilities)		**132,525**	(109,704)
Total assets less current liabilities		**150,909**	(45,631)

Approved and authorised for issue by the Board of Directors on 30 September 2021.

On behalf of the board

Dr. Ng Yu
Chairman and Executive Director

Mr. Lin Feng
Executive Director

The notes on pages 79 to 187 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the eighteen months ended 30 June 2021

	Attributable to equity shareholders of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000 *(Note a)*	Share option reserve HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Statutory reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2020	**938**	**3,995,137**	**(1,842)**	**15,570**	**(15,000)**	**25,893**	**–**	**(4,130,843)**	**(110,147)**	**8,829**	**(101,318)**
Share issuance	**4,434**	**322,650**	**–**	**–**	**–**	**–**	**–**	**–**	**327,084**	**–**	**327,084**
Capital injection by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**60**	**60**
Equity settled share-based payment	**–**	**–**	**–**	**(546)**	**–**	**–**	**–**	**–**	**(546)**	**–**	**(546)**
Lapse of share options	**–**	**–**	**–**	**(15,024)**	**–**	**–**	**–**	**15,024**	**–**	**–**	**–**
Release of convertible bonds reserves	**–**	**–**	**–**	**–**	**–**	**(24,400)**	**–**	**24,400**	**–**	**–**	**–**
Release upon disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8,872)**	**(8,872)**
Total comprehensive loss for the period	**–**	**–**	**874**	**–**	**–**	**–**	**–**	**(67,786)**	**(66,912)**	**(14)**	**(66,926)**
At 30 June 2021	**5,372**	**4,317,787**	**(968)**	**–**	**(15,000)**	**1,493**	**–**	**(4,159,205)**	**149,479**	**3**	**149,482**
At 1 January 2019	932,717	3,058,278	(67)	14,690	(15,000)	37,063	3,420	(3,765,181)	265,920	26,698	292,618
Convertible bond restructure	–	–	–	–	–	(11,170)	–	11,114	(56)	–	(56)
Share issuance	5,080	–	–	–	–	–	–	–	5,080	–	5,080
Capital reorganisation	(936,859)	936,859	–	–	–	–	–	–	–	–	–
Lapse of share options	–	–	–	(180)	–	–	–	180	–	–	–
Equity settled share-based payment	–	–	–	1,060	–	–	–	–	1,060	–	1,060
Deconsolidation of subsidiaries *(Note 18)*	–	–	–	–	–	–	(3,420)	3,420	–	(13,170)	(13,170)
Disposal of subsidiaries *(Note 19)*	–	–	–	–	–	–	–	–	–	(1,484)	(1,484)
Total comprehensive loss for the year	–	–	(1,775)	–	–	–	–	(380,376)	(382,151)	(3,215)	(385,366)
At 31 December 2019	938	3,995,137	(1,842)	15,570	(15,000)	25,893	–	(4,130,843)	(110,147)	8,829	(101,318)

The notes on pages 79 to 187 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021 HK$'000**	For the year ended 31 December 2019 (Restated) HK$'000
Operating activities			
Loss before tax from continuing operations		**(60,894)**	(382,217)
Loss before tax before discontinued operation		**(4,548)**	(1,609)
Adjustments for:			
Amortisation on intangible assets	14	**–**	5,411
Depreciation on right-of-use assets	13	**403**	11,083
Interest income	4	**(185)**	(18)
Sundry income		**(2,403)**	–
Finance costs	5	**14,590**	15,684
Share of profit of an associate		**–**	(5,396)
Loss on written off of property, plant and equipment	4	**118**	1,600
Depreciation on property, plant and equipment	12	**4,848**	5,630
(Reversal of)/equity settled share-based payment expenses	6	**(546)**	1,060
Fair value gain on contingent consideration receivables		**–**	(54,510)
Fair value loss on derivative financial assets		**–**	1,546
Realised (gain)/loss on disposal of trading securities	4	**(62)**	498
Unrealised loss on fair value changes in trading securities	4	**2**	67
Loss on deconsolidation of subsidiaries		**–**	120,156
Loss on deregistration of a subsidiary		**–**	159
Gain on disposal of subsidiaries		**(13,932)**	(2,616)
Gain on disposal of property, plant and equipment		**(387)**	–
Impairment loss on goodwill	16	**–**	43,235
Impairment loss on intangible assets	14	**–**	28,681
Impairment loss on interest on an associate		**–**	46,445
Impairment loss on right-of-use assets	13	**3,387**	1,912
Impairment loss on loan receivables, net		**–**	111,128
Impairment loss on property, plant and equipment		**–**	294
Impairment loss on trade receivables, net		**5,649**	18,245
Impairment loss on other receivables, net		**6,328**	5,570
Impairment loss on deposit paid, net		**5,855**	12,780
Loss on convertible bonds restructure	4 & 37	**–**	1,693
Provision for litigation claim		**–**	6,580
Loss on cancellation of profit guarantee and convertible bonds		**10,647**	–
Operating loss before changes in working capital		**(31,130)**	(6,909)
Decrease in inventories		**–**	3,786
Decrease in trading securities		**–**	601
Increase in trade receivables		**(97,438)**	(17,766)
(Increase)/Decrease in prepayments, deposits and other receivables		**(23,058)**	21,646
Decrease in client trust bank balance		**1,161**	1,305
Increase in trade payables		**46,052**	1,326
Decrease in accruals and other payables		**(1,901)**	(1,766)
Decrease in loan from a securities broker		**(104)**	–
Decrease in provisions		**(6,580)**	–

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen months ended 30 June 2021

	Notes	**For the eighteen months ended 30 June 2021** **HK$'000**	For the year ended 31 December 2019 (Restated) HK$'000
Cash (used in)/generated from operations		**(112,998)**	2,223
Profits tax paid		**(2)**	(1,942)
Net cash (used in)/generated from operating activities		**(113,000)**	281
Investing activities			
Purchase of property, plant and equipment		**(8,457)**	(27)
Interest received		**4**	18
Proceeds from disposal of property, plant and equipment		**399**	32
Net cash outflow from deconsolidation of subsidiaries	18	**–**	(8,380)
Net cash inflow/(outflow) from disposal of subsidiaries	19	**2,947**	(841)
Net cash used in investing activities		**(5,107)**	(9,198)
Financing activities			
Consideration paid for convertible bonds restructure		**–**	(499)
Proceeds from other loan		**33,852**	–
Interest paid		**(908)**	(111)
Capital element of lease payments		**(6,479)**	(5,589)
Interest element of lease payments		**(111)**	(325)
Advances from other payables		**–**	1,199
Proceeds from issuance of shares		**327,084**	5,080
Capital injection by non-controlling interests		**60**	–
Net cash generated from/(used in) financing activities		**353,498**	(245)
Net increase/(decrease) in cash and cash equivalents		**235,391**	(9,162)
Cash and cash equivalents at beginning of period/year		**13,525**	22,910
Effect of exchange rate changes		**(138)**	(223)
Cash and cash equivalents at end of period/year	26	**248,778**	13,525

The notes on pages 79 to 187 form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

General Information

Amber Hill Financial Holdings Limited (the "Company") was incorporated and domiciled in the Cayman Islands under Companies Law (2004 Revision) of the Cayman Islands as an exempted company with limited liability on 20 March 2007. Its parent is Neo Tech Inc. (incorporated in British Virgin Islands ("BVI")). Its ultimate controlling party is Dr. Ng Yu who is also the Chairman of the Company. The Company's shares were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 19 November 2007.

The Company is an investment holding company. The Group is principally engaged in trading of party products and metals and minerals, securities brokerage and assets management, advancing business, credit guarantee and investment business and trading of commodities.

The security products trading business of the Group had ceased due to cessation of control over the relevant operating subsidiary in February 2020, while provision of security services business had ceased in December 2020 upon completion of the conditional sale and purchase agreement as set out in the announcement of the Company dated 30 June 2020.

The address of the principal place of business of the Company is 19/F, One Hennessy, 1 Hennessy Road, Wan Chai, Hong Kong and the Company has been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance since 4 September 2007. The address of the registered office of the Company is 94 Solaris Avenue, Camana Bay, PO Box 1348 Grand Cayman, KY1-1108, Cayman Islands.

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 ("HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Hong Kong Companies Ordinance.

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting period of the Group and the Company. Note 2(d) 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 this report.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the eighteen months ended 30 June 2021 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out below.

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 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.

During the current financial period, the reporting period end date of the Company was changed from 31 December to 30 June. The Group considered that the change of financial year end date to 30 June would (i) avoid competition of resources with other listed companies with financial year end date of 31 December with regard to results announcement and interim/annual reports-related external services under the peak reporting season in the market; and (ii) allow the Company to better plan its audit schedules with its auditors by removing the uncertainty from the variation in the dates of the Chinese New Year and Easter holidays which put pressure on the workflow, as set out in the announcement of the Company dated 31 December 2020. Accordingly, the consolidated financial statements for the current period cover the eighteen months period ended 30 June 2021. The corresponding comparative amounts shown for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve months period from 1 January 2019 to 31 December 2019 and therefore may not be comparable with amounts shown for the current period.

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.

(c) Going Concern Basis

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK$67,786,000 for the eighteen months ended 30 June 2021. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above conditions, the consolidated financial statements were prepared based on the assumption that the Group can be operated as a going concern after taking into consideration of the following plans and measures:

- The substantial shareholder, Dr. Ng Yu, has confirmed his intention to provide continuing financial support to satisfy the Group's working capital and other financing requirement through continual renewal of borrowings or continual provision of additional financing to the Group;

- The Group is in the process of soliciting potential new customers and shall continue to apply various measures to tighten its operation expenditures in order to improve its financial performance and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(c) Going Concern Basis *(continued)*

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(d) Changes in Accounting Policies and Disclosures

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

There was no material impact on the financial statements of the Group as the new HKFRSs and amendments to HKFRSs were consistent with policies already adopted by the Group except for adoption of the following developments:

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Update for Deconsolidated Subsidiaries of the Company

For the year ended 31 December 2019, the Group recorded loss on deconsolidation of subsidiaries, namely, Harmonic Strait Credit Guarantee Company Limited (和協海峽融資擔保有限公司) ("Harmonic Strait" or the "Deconsolidated Subsidiary") and the wholly owned subsidiaries of Harmonic Strait namely Shenzhen Hanhong SCM Co., Ltd. (深圳瀚宏供應鏈管理有限公司) and Shenzhen Sunnyway International Trading Company Limited (深圳薩尼威國際貿易有限公司) (together with Harmonic Strait, collectively known as the "Deconsolidated Subsidiaries"), of approximately HK$120,156,000. During the current financial period, the Company and its legal advisers discovered that the license necessary for the operation of the credit guarantee and investment business in the PRC was terminated in February 2020. Application for the termination was submitted to the relevant government department in August 2019. The application was made without authorisation from the Company. Therefore, it was concluded that the Company had lost its right to direct the relevant activities of the Deconsolidated Subsidiaries and thus lost control of the Deconsolidated Subsidiaries around August 2019, or in any case, no later than 31 December 2019. Based on the fact that the Company has lost control over the Deconsolidated Subsidiaries and an examination of the existing information available to the Company, the Company's PRC legal advisers are of the view that there is a high level of uncertainties and risks associated with the recovery prospect of the loan receivables and other receivables of the Deconsolidated Subsidiaries and the underlying pledged asset as collaterals for some of these receivables.

On 29 September 2021, the Group entered into a disposal agreement (the "Disposal Agreement") with Zhanjiang City Jiangjing Investment Co., Ltd. (湛江市江京投資有限公司) (the "Purchaser"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire issued share capital of Market Season Limited with its subsidiaries, which included the Deconsolidated Subsidiaries, and AIF Finance Limited for a total cash consideration of RMB2,000,000 (equivalent to approximately HK$2,410,000), together and as adjusted by the Proportional Entitlement (as defined in the announcement dated 29 September 2021). The Purchaser is a company established in the People's Republic of China (the "PRC") with limited liability. It is principally engaged in hotel project investment and operation in the PRC. To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

The Company has further engaged its PRC legal advisors to take legal actions to uphold its shareholders' rights with respect to the Deconsolidated Subsidiaries. As advised by the Company's PRC legal advisers, even though the Company may have a relatively good basis in upholding its shareholder's rights, the Company is still exposed to litigation uncertainties brought by those legal actions both in terms of costs and outcome. Coupled with the assessment of the recovery prospect of the loan receivables and the other receivables of the Deconsolidated Subsidiaries as mentioned in note 22, the management of the Company believes that there is no sound commercial justification that further financial resources should be devoted to the legal actions relating to the Deconsolidated Subsidiaries. In the circumstances, the disposal of the Deconsolidated Subsidiaries appears to be a time-efficient and cost-effective way to reduce the Group's continual exposure to further litigation and recovery costs while retaining a majority of its entitlement in any proceeds recoverable from the Disposal Group through the mechanism of Proportional Entitlement.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Possible Impact of New and Amendments to HKFRSs in issue but not yet effective for the eighteen months ended 30 June 2021

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKAS 1	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from Single Transaction[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]
Amendments to HKFRS 16 (Revised April 2021)	Covid-19-Related Rent Concessions beyond 30 June 2021[6]

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

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

(g) Business Combinations under Common Control

Business combinations under common control are accounted for in accordance with the merger accounting. In applying merger accounting, the combined financial information incorporates the consolidated financial statements items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or business first came under the control of controlling party.

The net assets of the combining entities or businesses are combined using the existing book values prior to the common control combinations from the controlling parties' perspective. No account is recognised in respect of goodwill or excess acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of common control combination.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(g) Business Combinations under Common Control *(continued)*

The comparative amounts in the combined financial statements are presented as if the entities or business had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of an impairment of the asset transferred.

(h) Subsidiaries and Non-controlling Interests

Subsidiaries are entities controlled by the Company. The Company 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 Company has power, only substantive rights (held by the Company 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 and transactions 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 their 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 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 interests 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. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position an investment in a subsidiary is stated at cost less any impairment losses unless the investment is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(i) Business Combinations

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

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

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

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

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

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Interest in an Associate

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate" in consolidated statement of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(l) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation 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 improvement	the shorter of lease-term or 5 years
Plant and machinery	5 years
Furniture, fixtures and equipment	3–6 years
Moulds	5 years
Motor vehicles	3–5 years
Vessel	10 years

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(m) Intangible Assets (Other than Goodwill)

Intangible assets are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(n) Leases

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

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

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 laptops and 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. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

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 present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(n) Leases *(continued)*

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 Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

(o) Financial Assets

The Group's policies for investment in debt and equity securities, other than investments in subsidiaries and associate, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) 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 43. These investments are subsequently accounted for as follows, depending on their classification.

Classification

An investment in equity securities is classified as FVTPL 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 fair value through other comprehensive income ("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 accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(aa)(v).

Under HKFRS 9, financial assets such as receivables shall be subsequently measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the financial asset is calculated using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Credit Losses and Impairment of Assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalent, client trust bank balance, trade and other receivables and loan receivables).

Financial assets measured at fair value, including the trading securities and contingent consideration receivables, are not subject to the ECL assessment.

Measurement of ECLs

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

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

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

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

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 undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Credit Losses and Impairment of Assets *(continued)*

(i) Credit losses from financial instruments (continued)

Measurement of ECLs *(continued)*

ECLs are measured on either of the following bases:

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

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

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables 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 recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases 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); or (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 undue 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 debtor's ability to meet its obligation to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Credit Losses and Impairment of Assets *(continued)*

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk *(continued)*

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change 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 their carrying amount through a loss allowance account.

Basis of calculation of interest income

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

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Credit Losses and Impairment of Assets *(continued)*

(i) Credit losses from financial instruments (continued)

Write-off policy

The gross carrying amount of a financial 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.

(ii) Impairment of other 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 the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— investment in subsidiaries in the Company’s statement of financial position;

— interest in an associate;

— intangible assets; and

— goodwill.

If any such indication exists, the asset’s recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Credit Losses and Impairment of Assets *(continued)*

(ii) Impairment of other assets (continued)

— 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 the 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, 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 favorable 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.

(q) Inventories

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

Cost is calculated using the weighted average cost formula and comprise all costs of purchase, 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value at the end of each reporting period. The gain or loss on remeasurement to the fair value of derivative financial instruments is recognised immediately in profit or loss.

(s) Convertible Bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bond reserve until either the bond is converted or redeemed.

If the convertible bond is converted, the convertible bond reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the convertible bond is redeemed, the convertible bond reserve is released directly to accumulated losses.

(t) Trade and Other Payables

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

(u) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Client Trust Bank Balance

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified the clients' monies as client trust bank balance under the current assets in the consolidated statement of financial position as the Group is allowed to retain some or all of the interest income on the clients' monies and recognised corresponding accounts payable to the respective customers in the current liabilities. Under the Hong Kong Securities and Futures Ordinance (Cap. 571), the Group is not allowed to use the clients' monies to settle its own obligation.

(w) Cash and Cash Equivalents

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

(x) Employee Benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(x) Employee Benefits *(continued)*

(iii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase share option reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to accumulated losses).

(y) 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(y) Income Tax *(continued)*

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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 Company 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.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

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

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

  — the same taxable entity; or

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(z) Financial Guarantees Issued, 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.

Financial guarantee contracts

A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Credit losses from financial instruments"; and (ii) the amount liability recognised less, when appropriate, the cumulative amount of income recognised.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(aa) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when control over a product or service is transferred to the customers.

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

(i) Credit guarantee service and investment income

Credit guarantee service and investment income consist of guarantee service income rendered by providing financial guarantee to borrowers in obtaining loan from third party. The guarantee fee and related service income are recognised when the service is rendered.

(ii) Sales of goods

Sales of party products

Sales of party products to customers. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customers.

Sales of security products

Sales of security products to customers. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customers.

(iii) Sales of commodities

Sales of commodities to customers. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customers.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the 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 assets.

(v) Commission income

Commission income from securities brokerage business is recorded as income on a trade date basis.

(vi) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(aa) Revenue Recognition *(continued)*

(vii) Assets management income

(a) Assets management income is recognised on accrual basis when services are provided; or

(b) Investment income under assets management is recognised according to the accounting policies of note 2(o).

(viii) Security services income

Arranging security services to customers including but not limited to, public safety consulting services, overseas on-site public safety management service and public safety training service. Revenue is recognised when the service is rendered.

(ix) Other income not stated above is recognised whenever received or received.

Principal versus agent

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

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

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

(bb) Foreign Currencies

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

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(bb) Foreign Currencies *(continued)*

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Hong Kong dollars at the rate of exchange prevailing at the reporting date and their income and expenses items are translated at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

(cc) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(dd) 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 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.

(ee) 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

The principal activities of the Group are sales of party products, provision of securities brokerage and assets management service, trading of commodities, provision of advisory services, provision of advancing services and sales of security products and provision of security services.

Disaggregation of Revenue

Disaggregation of revenue from contracts with customers by major products or service lives is as follows:

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15		
Trading of party products	**174,666**	40,965
Brokerage commission income and assets management income (excluded interest income from cash and margin client and investment income)	**–**	76
Trading of commodities	**141,519**	–
Advisory income	**567**	–
	316,752	41,041
Revenue from other sources		
Interest income from cash and margin client earned from securities brokerage and assets management business	**3**	650
Investment income under assets management segment	**22,681**	–
Interest income from advancing business	**–**	12,001
	22,684	12,651
Total	**339,436**	53,692
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	**567**	–
— At a point in time	**316,185**	41,041
	316,752	41,041

3. REVENUE *(CONTINUED)*

Disaggregation of Revenue *(continued)*

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of security products	**784**	79,502
Provision of security services	**–**	2,419
Total	**784**	81,921
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	**–**	2,419
— At a point time	**784**	79,502
	784	81,921

As all revenue contracts have original expected duration of one year or less. The Group has applied the practical expedient under the HKFRS 15 for not disclosing transaction price allocated to unsatisfied performance obligation.

4. OTHER REVENUE AND OTHER NET GAIN

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Continuing operations		
Net exchange gain	**1,539**	962
Dividend income	**3**	–
Interest income	**185**	14
Sundry income	**2,351**	11,055
Realised gain/(loss) on disposal of trading securities	**62**	(498)
Fair value loss on derivative financial assets *(Note 37(a))*	**–**	(1,546)
Loss on convertible bonds restructure *(Note 37(a))*	**–**	(1,693)
Unrealised loss on fair value changes in trading securities	**(2)**	(67)
Loss on written off of property, plant and equipment	**(118)**	(1,412)
	4,020	6,815
Discontinued operation		
Net exchange loss	**(1)**	(8)
Interest income	**–**	4
Sundry income	**–**	2
Government subsidies	**147**	–
Loss on written off of property, plant and equipment	**–**	(188)
	146	(190)

5. FINANCE COSTS

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Continuing operations		
Interest on convertible bonds	**10,079**	14,000
Interest on lease liabilities	**111**	762
Interest on other borrowings	**4,044**	909
Interest on loan from a securities broker	**232**	–
	14,466	15,671
Discontinued operation		
Interest on other borrowings	**124**	13
	124	13

6. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting) the following:

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Continuing operations		
Auditor's remuneration		
— Audit service	**1,202**	1,870
— Non-audit service	**796**	584
Cost of inventories included in cost of sales and services	**306,568**	41,060
Depreciation		
— Owned property, plant and equipment	**4,848**	5,347
— Right-of-use assets	**403**	11,083
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	**22,802**	16,568
— Contributions to defined contribution retirement plans	**692**	1,414
— (Reversal of)/equity settled share-based payment expenses	**(546)**	1,060
Discontinued operation		
Cost of inventories included in cost of sales and services	**–**	64,044
Amortisation of intangible assets	**–**	5,411
Depreciation		
— Owned property, plant and equipment	**–**	283
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	**1,248**	4,144
— Contributions to defined contribution retirement plans	**–**	40
Gain on disposal of property, plant and equipment	**(390)**	–
Gain on disposal of subsidiaries	**(488)**	–
Impairment loss on goodwill	**–**	40,235
Impairment loss on intangible assets	**–**	10,293
Impairment loss on property, plant and equipment	**–**	294
Impairment loss on trade receivables, net	**4,410**	3,972
Impairment loss on other receivables, net	**130**	660

7. INCOME TAX EXPENSE

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Continuing operations		
Current tax — Hong Kong Profits Tax		
Charge for the period/year	**2,353**	–
Under-provision in prior years	**–**	10
Current tax — PRC Income Tax		
Charge for the period/year	**2**	3,754
Under-provision in prior years	**–**	172
	2,355	3,936
Deferred tax credit	**–**	(3,926)
Total income tax expense	**2,355**	10

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Discontinued operation		
Current tax — Hong Kong Profits Tax		
Under-provision in prior years	**–**	266
Current tax — PRC Income Tax		
Credit for the period/year	**–**	(704)
Total income tax credit	**–**	(438)

The provision for Hong Kong Profits Tax was calculated at 16.5%, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime (For the year ended 31 December 2019: No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits).

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The provision for PRC Income tax for the eighteen months ended 30 June 2021 and the year ended 31 December 2019 is calculated at 25% of the estimated assessable profits for the period/year.

7. INCOME TAX EXPENSE *(CONTINUED)*

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is exempted from any income tax in the Cayman Islands and the BVI.

Reconciliation between actual tax expense and notional tax on loss before taxation at the applicable tax rates:

	For the eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 (Restated) HK$'000
Continuing operations		
Loss before tax	**(60,894)**	(382,217)
Tax at the applicable rate of 16.5% (2019: 16.5%)	**(10,048)**	(63,066)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(432)**	(15,223)
Tax effect of income not subject to taxation	**(3,442)**	(12,115)
Tax effect of expenses not deductible for taxation purposes	**8,562**	66,294
Tax effect of share of profit of an associate	**–**	(1,349)
Utilisation of tax losses previously not recognised	**(19)**	–
Tax effect of tax losses not recognised	**8,045**	22,972
Tax effect of origination and reversal of temporary differences	**(116)**	254
Adjustment for under-provision in previous year	**–**	1,363
Tax effect on two-tiered tax rate	**(165)**	–
Tax relief for the period	**(30)**	–
Others	**–**	880
Income tax expense	**2,355**	10
Discontinued operation		
Loss before tax	**(4,548)**	(1,609)
Tax at the applicable rate of 16.5% (2019: 16.5%)	**(750)**	(265)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**–**	502
Tax effect of income not subject to taxation	**–**	(136)
Tax effect of expenses not deductible for taxation purposes	**626**	535
Tax effect of tax losses not recognised	**89**	75
Tax effect of origination and reversal of temporary differences	**35**	640
Adjustment for over-provision in previous year	**–**	(915)
Others	**–**	(874)
Income tax credit	**–**	(438)

8. DIVIDENDS

The Board of the Company did not recommend any final dividend for the eighteen months ended 30 June 2021. No dividend was paid during the period (For the year ended 31 December 2019: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity shareholders of the Company over the weighted average number of ordinary shares issued during the period/year.

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Loss attributable to equity shareholders of the Company		
— Continuing operations	**(63,238)**	(377,578)
— Discontinued operation	**(4,548)**	(2,798)
Loss attributable to equity shareholders of the Company	**(67,786)**	(380,376)

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	'000 shares	'000 shares
Weighted average number of ordinary shares	**237,473**	93,499

Total issued ordinary shares at 30 June 2021 and 31 December 2019 was 537,245,000 and 937,797,000 shares respectively.

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share consolidation on 1 December 2020.

(b) Diluted loss per share

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share during the eighteen months ended 30 June 2021 and the year ended 31 December 2019. Therefore, the diluted loss per share is the same as basic loss per share during the eighteen months ended 30 June 2021 and the year ended 31 December 2019.

10. RETIREMENT BENEFITS COSTS

The Group operates the mandatory provident fund scheme (the "MPF Scheme") for its Hong Kong staff. The MPF Scheme is a defined contribution retirement benefit scheme administered by independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% (For the year ended 31 December 2019: 5%) of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK$30,000 (For the year ended 31 December 2019: HK$30,000). Contributions from the employer are vested in the employees as soon as they are paid to relevant MPF Scheme but all benefits derived from the mandatory contributions must be preserved until the employee reaches the retirement age of 65 subject to a few exceptions. The assets of the schemes are held separately from those of the Group in independently administered funds. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

10. RETIREMENT BENEFITS COSTS *(CONTINUED)*

The employees of the Group's subsidiaries that operated in the PRC are required to participate in a central pension scheme operated by the local governments in different cities of the PRC (the "Central Schemes"). These subsidiaries are required to contribute pension, based on a certain percentage of their payroll costs, to the Central Schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme. No forfeited contributions will be used by the employees to reduce the existing level of contributions.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred. The Group has no further payment obligations once the contributions have been made.

11. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY

(a) Directors' remuneration is disclosed as follows:

	For the eighteen months ended 30 June 2021					
	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Discretionary Bonus HK$'000	Contributions to retirement scheme HK$'000	Equity settled share-based payment expenses HK$'000	Total HK$'000
Executive Directors *(note iii)*						
Ng Yu	–	–	–	–	–	–
Lin Feng *(appointed on 10 January 2020)*	600	142	–	–	–	742
Wei Weicheng *(resigned on 25 August 2021)*	–	–	–	–	–	–
Chan Chi Ming *(appointed on 6 April 2020 and resigned on 31 March 2021)*	–	1,420	–	18	–	1,438
Zhao Hong Mei *(ceased to be Director with effect from 4 September 2020)*	–	–	–	–	–	–
Huang Shao Long *(appointed on 10 January 2020, re-designated as Non-executive Director on 19 March 2020 and resigned on 25 August 2021)*	–	–	–	–	–	–
Li Junheng *(ceased to be Director with effect from 10 January 2020)*	–	–	–	–	–	–
Non-executive Directors *(note iv)*						
Huang Shao Long *(appointed on 10 January 2020 and re-designated as Non-executive Director on 19 March 2020 and resigned on 25 August 2021)*	–	–	–	–	–	–
Dai Chengyan *(appointed on 25 August 2021)*	–	–	–	–	–	–
Independent Non-executive Directors *(note v)*						
Anthony Espina	360	–	–	–	–	360
Wang Jun Sheng	360	–	–	–	–	360
Lo Hang Fong *(appointed on 19 March 2020)*	308	–	–	–	–	308
	1,628	1,562	–	18	–	3,208

11. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY *(CONTINUED)*

(a) Directors' remuneration is disclosed as follows: *(continued)*

	For the year ended 31 December 2019					
	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Discretionary Bonus HK$'000	Contributions to retirement scheme HK$'000	Equity settled share-based payment expenses HK$'000	Total HK$'000
Executive Directors *(note iii)*						
Ng Yu *(appointed on 23 December 2019)*	–	–	–	–	–	–
Wei Weicheng *(appointed on 23 December 2019)*	–	–	–	–	–	–
Zhao Hong Mei *(appointed on 9 January 2019)*	–	–	–	–	–	–
Cheung Kwan *(removed on 19 December 2019)*	6,000	–	–	17	–	6,017
Ling Zack Xiange *(resigned on 15 January 2019)*	–	–	–	–	150	150
Sun Yu *(resigned on 30 December 2019)*	300	–	–	–	–	300
Liu Hu *(resigned on 6 November 2019)*	–	–	–	–	–	–
Li Junheng *(appointed on 6 November 2019 and not being re-elected on 10 January 2020)*	–	–	–	–	–	–
Non-executive Directors *(note iv)*						
Li Xin *(appointed on 9 January 2019 and resigned on 9 December 2019)*	–	–	–	–	–	–
Wang Dayong *(resigned on 9 December 2019)*	–	–	–	–	269	269
Independent Non-executive Directors *(note v)*						
Anthony Espina	240	–	–	–	–	240
Wang Jun Sheng	240	–	–	–	–	240
Jin Xin *(resigned on 9 December 2019)*	240	–	–	–	–	240
	7,020	–	–	17	419	7,456

Notes:

i. As at 31 December 2019, share options have been granted and held by the directors under the Company's share option scheme, details please refer to note 28.

ii. No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the eighteen months ended 30 June 2021 and year ended 31 December 2019.

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

iv. The non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

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

vi. None of the directors has waived any emoluments for the eighteen months ended 30 June 2021 and year ended 31 December 2019.

11. DIRECTORS' REMUNERATION AND INDIVIDUALS WITH HIGHEST PAY *(CONTINUED)*

(b) Individuals with highest emoluments

Of the five individuals with the highest paid in the Group, two (For the year ended 31 December 2019: One) were directors of the Company whose emoluments are disclosed in note 11(a) above. The emoluments of the remaining three (For the year ended 31 December 2019: Four) individual were as follows:

	For the eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 HK$'000
Salaries and other benefits	**4,292**	4,417
Contributions to defined contribution retirement plans	**71**	56
Discretionary bonus	**4,987**	150
	9,350	4,623

Their emoluments were within the following bands:

	For the eighteen months ended 30 June 2021 Number of employees	For the year ended 31 December 2019 Number of employees
HK$500,001 to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$7,500,000	**1**	1

During the eighteen months ended 30 June 2021 and year ended 31 December 2019, no inducement payment or compensation for loss of office was paid to the five highest paid individuals.

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Moulds HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
Cost							
At 1 January 2019	8,440	780	4,334	149	2,746	27,000	43,449
Additions	–	–	21	6	–	–	27
Disposal	–	(66)	–	–	–	–	(66)
Written off for the year	(8,440)	–	(3,720)	–	–	–	(12,160)
Deconsolidation of subsidiaries *(Note 18)*	–	–	(364)	–	(401)	–	(765)
Exchange adjustments	–	–	(8)	–	(6)	–	(14)
At 31 December 2019 and 1 January 2020	**–**	**714**	**263**	**155**	**2,339**	**27,000**	**30,471**
Additions	**1,320**	**5**	**290**	**–**	**4,187**	**–**	**5,802**
Disposal	**–**	**(16)**	**–**	**–**	**(1,213)**	**–**	**(1,229)**
Written off for the period	**–**	**(703)**	**–**	**(155)**	**–**	**–**	**(858)**
Disposal of subsidiaries *(Note 19)*	**–**	**–**	**(230)**	**–**	**–**	**–**	**(230)**
Exchange adjustments	**–**	**–**	**8**	**–**	**–**	**–**	**8**
At 30 June 2021	**1,320**	**–**	**331**	**–**	**5,313**	**27,000**	**33,964**
Accumulated depreciation and impairment							
At 1 January 2019	6,626	418	2,079	70	2,015	7,425	18,633
Charge for the year	1,709	145	645	31	400	2,700	5,630
Eliminated on disposal	–	(34)	–	–	–	–	(34)
Eliminated on written off	(8,335)	–	(2,225)	–	–	–	(10,560)
Impairment for the year	–	–	65	–	229	–	294
Deconsolidation of subsidiaries *(Note 18)*	–	–	(341)	–	(320)	–	(661)
Exchange adjustments	–	–	(5)	–	(6)	–	(11)
At 31 December 2019 and 1 January 2020	**–**	**529**	**218**	**101**	**2,318**	**10,125**	**13,291**
Charge for the period	**55**	**94**	**70**	**21**	**558**	**4,050**	**4,848**
Eliminated on disposal	**–**	**(5)**	**–**	**–**	**(1,212)**	**–**	**(1,217)**
Eliminated on written off	**–**	**(618)**	**–**	**(122)**	**–**	**–**	**(740)**
Disposal of subsidiaries *(Note 19)*	**–**	**–**	**(209)**	**–**	**–**	**–**	**(209)**
Exchange adjustments	**–**	**–**	**7**	**–**	**–**	**–**	**7**
At 30 June 2021	**55**	**–**	**86**	**–**	**1,664**	**14,175**	**15,980**
Net book values							
At 30 June 2021	**1,265**	**–**	**245**	**–**	**3,649**	**12,825**	**17,984**
At 31 December 2019	–	185	45	54	21	16,875	17,180

12. PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

As at 31 December 2019, the carrying value of vessel amounting to HK$16,875,000 was restricted to be used due to litigation claim described in section "Charge of Assets" under Management Discussion and Analysis. The vessel was released, unencumbered, back to the Group's possession on 4 June 2020.

During the year ended 31 December 2019, the written off of property, plant and equipment was mainly due to removal of head office of the Group.

Due to the deconsolidation of the Deconsolidated Subsidiaries, the property, plant and equipment with carrying amount of approximately HK$104,000 have been deconsolidated during the year ended 31 December 2019.

13. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 1 January 2020	–
Additions	3,790
Depreciation charge	(403)
Impairment for the period	(3,387)
At 30 June 2021	–
Expense relating to short-term leases	352
Total cash outflow for leases including short-terms leases	6,942

13. RIGHT-OF-USE ASSETS *(CONTINUED)*

	Leased properties HK$'000
At 1 January 2019	
Carrying amount recognised at the initial application of HKFRS 16	10,739
For the year ended 31 December 2019	
Additions	4,727
Disposal of subsidiaries	(2,471)
Depreciation charge	(11,083)
Impairment for the year	(1,912)
At 31 December 2019	–
Expense relating to short-term leases	5,184
Total cash outflow for leases	11,098

The Group has obtained the right to use property as its operation through tenancy agreements. The lease typically run for an initial period of 1 to 2 years from 1 January 2020 and without break-clause for early termination.

Impairment assessment

The Group estimates the recoverable amount of two cash-generating units ("CGUs") of securities brokerage and asset management segment and one CGU of advancing business segment to which the right-of-use assets belong, including allocation of corporate assets when reasonable and consistent basis can be established.

Since the CGUs with right-of-use assets incurred losses during the eighteen months ended 30 June 2021, the management of the Group expected the revenue generated from the CGUs are minimal and therefore performed an impairment review of the recoverable amount on the right-of-use assets.

The recoverable amount of the relevant CGUs was determined based on value in use calculation. Value in use calculation was based on cash flow projections prepared from financial forecasts approved by the management. Other key assumptions for the value in use calculation related to the estimation of cash flows which included budgeted revenue and expected gross margins during the budget period which had been determined based on the past performance and management's expectations for the market development.

During the eighteen months ended 30 June 2021, the Group recognised full impairment losses of approximately HK$3,387,000 related to the right-of-use assets.

14. INTANGIBLE ASSETS

	Type 1 Regulated Activity License	Type 4 and Type 9 Regulated Activity License	Money Lending License	Software Licenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 1 January 2019	12,388	5,500	500	27,000	45,388
Exchange adjustments	–	–	–	(334)	(334)
At 31 December 2019 and 1 January 2020	**12,388**	**5,500**	**500**	**26,666**	**45,054**
Disposal of subsidiaries *(Note 19)*	**–**	**–**	**–**	**(26,666)**	**(26,666)**
At 30 June 2021	**12,388**	**5,500**	**500**	**–**	**18,388**
Accumulated amortisation and impairment					
At 1 January 2019	–	–	–	–	–
Amortised for the year	–	–	–	5,411	5,411
Impairment loss for the year	12,388	5,500	500	10,293	28,681
Exchange adjustments	–	–	–	(226)	(226)
At 31 December 2019 and 1 January 2020	**12,388**	**5,500**	**500**	**15,478**	**33,866**
Disposal of subsidiaries *(Note 19)*	**–**	**–**	**–**	**(15,478)**	**(15,478)**
At 30 June 2021	**12,388**	**5,500**	**500**	**–**	**18,388**
Carrying values					
At 30 June 2021	**–**	**–**	**–**	**–**	**–**
At 31 December 2019	–	–	–	11,188	11,188

14. INTANGIBLE ASSETS *(CONTINUED)*

The regulated activities licenses and software licenses acquired in business combinations were recognised at fair value at the acquisition date for securities brokerage and asset management business and trading of security products and provision of security services business respectively. The regulated activities licenses have indefinite useful lives and carried at cost less accumulated impairment losses. The software licenses have estimated useful lives of 5 years and carried at cost less accumulated amortisation and impairment loss.

For the purposes of impairment tests, intangible assets have been allocated to the following CGUs. The carrying amount of intangible assets as at the end of the reporting period is allocated as follows:

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trading of security products and provision of security services business	–	11,188
	–	11,188

Please refer to note 16 for details of impairment tests.

15. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries represents investments in unlisted shares at cost.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of establishment/ incorporation and operation	Particulars of issued and paid up/ registered capital	Group's effective interest	Principal activities
Directly held				
Asiagoal Holdings Limited	Hong Kong	HK$1	100%	Investment holdings
AIF Finance Limited	Hong Kong	HK$100,000	100%	Advancing business
A-United Health Medical Company Limited	Hong Kong	HK$1	100%	Trading of metals and minerals
Amber Hill Global Investment Limited (formerly known as Amber Hills Global Investment Limited)	Hong Kong	HK$1	100%	Investment holdings and trading of party products
Indirectly held				
Cheerful Arts Group Limited	Hong Kong	HK$1	100%	Trading of party products
International Security Net Co., Limited ("ISN")#	Hong Kong	HK$10,000	100%	Provision of security services
AIF Securities Limited	Hong Kong	HK$40,000,000	100%	Engaging in the business of a dealer in securities
AIF Asset Management Limited	Hong Kong	HK$3,000,000	100%	Provision of securities advisory and asset management services
滙金協和投資諮詢(深圳)有限公司 Hui Jin Xie He Investment Consultancy (Shenzhen) Company Limited*	PRC	HK$30,000,000	100%	Investment holdings
德威可信(北京)科技有限公司 Dewe Kexin (Beijing) Technology Co., Ltd ("Dewe Kexin")*^	PRC	RMB10,000,000	51%	Trading of security products
廣州零零叁叁貿易有限公司 Guangzhou Zero Zero Three Three Trading Co., Ltd.*	PRC	RMB100,000,000	100%	Trading of commodities
陝西寰安遠宇實業有限公司 Shaanxi Huan'an Yuanyu Industrial Co., Limited*	PRC	RMB20,000,000	70%	Trading of party products

* The English name is for identification purpose only.

\# The company was disposed on 31 December 2020.

^ Control over the company was lost on 17 February 2020.

15. INVESTMENT IN SUBSIDIARIES *(CONTINUED)*

Material partially-owned subsidiary

The following table lists out the information relating to Dewe Kexin, a subsidiary of the Group in which the Group has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	As at 31 December 2019 HK$'000
Non-controlling interests percentage	49%
Current assets	21,938
Non-current assets	16
Current liabilities	(12,184)
Non-current liabilities	–
Net assets	9,770
Carrying amount of non-controlling interests	4,788
Revenue	79,502
Profit for the year	2,690
Total comprehensive income	2,528
Profit allocated to non-controlling interests	1,318
Dividend paid to non-controlling interests	–
Cash flows generated from operating activities	10,289
Cash flows used in investing activities	(13)
Cash flows generated from financing activities	–

16. GOODWILL

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
At the beginning of the period/year	**489**	43,528
Disposal of subsidiaries *(Note 19)*	**(489)**	–
Impairment loss for the year	**–**	(43,235)
Exchange adjustments	**–**	196
At the end of the period/year	**–**	489

Impairment tests for CGUs containing goodwill

For the purposes of impairment tests, goodwill has been allocated to the following CGUs. The carrying amount of goodwill as at the end of the reporting period is allocated as follows:

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trading of security products and provision of security services business	**–**	489
	–	489

Securities brokerage and assets management business

The intangible assets of securities brokerage and asset management business held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute net cash inflows indefinitely. The licenses will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. As at 31 December 2019, the respective recoverable amounts of the CGUs relate to securities brokerage and assets management business, whereby these licenses are allocated to, are determined based on the fair value less cost to disposal using the adjusted net assets value method by asset approach. The fair value measurement of the CGUs are categorised as Level 2 measurement by considering the net value of certain assets of the CGUs and the regulatory license fee.

16. GOODWILL *(CONTINUED)*

Trading of security products and provision of security services business

As at 31 December 2019, the recoverable amounts of the CGUs relate to trading of security products and provision of security services business are determined based on value-in-use approach. The valuation is based on a five- year performance projection and certain key assumptions (updated with latest market data) including growth rates, expected changes to revenue and direct cost and discount rates range from 14% to 33% during the projection period which is determined based on a estimated performance, management's expectations and future business plan. The discount rate used reflects specific risks relating to trading of security products and provision of security services respectively.

Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted income and gross profit margin. Such estimation is based on management's expectations and efficiency improvement.

During the year ended 31 December 2019, the Group recognised impairment loss on intangible asset and goodwill of approximately HK$17,888,000 and HK$3,000,000 respectively in relation to the CGUs of securities brokerage and assets management business as the recoverable amount was below the carrying amount. The Group also recognised impairment loss on intangible asset and goodwill of approximately HK$10,293,000 and HK$40,235,000 respectively in relation to the CGUs of trading of security products and provision of security services business as the recoverable amount was below the carrying amount.

The fair value of the CGUs of securities brokerage and asset management business and the CGUs of trading of security products and provision of security services business as at 31 December 2019 have been arrived at on the basis of the valuations carried out by an independent firm of professional valuers with recognised qualifications and experience.

17. INTEREST IN AN ASSOCIATE

The associate is an unlisted corporate entity of which the quoted market price is not available:

Name of associate	**Place of incorporation and business**	**Particulars of issued and paid up capital**		**Proportion of ownership interest**		**Principal activity**
		As at 30 June 2021	As at 31 December 2019	**As at 30 June 2021**	As at 31 December 2019	
Sunrise Insurance Broker Company Limited ("Sunrise Insurance")	PRC	–	RMB55,555,500	–	21.6%	Provision of insurance brokerage service

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

Interest in an associate was derecognised when a subsidiary of the Company was disposed of. Please refer to note 19 for details.

17. INTEREST IN AN ASSOCIATE *(CONTINUED)*

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	As at 31 December 2019 HK$'000
Gross amount of the associate	
Current assets	54,693
Non-current assets	4,530
Current liabilities	(54,705)
Equity	4,518
Post-acquisition result	
Revenue	385,520
Profit for the year	16,706
Total comprehensive income	16,673
Reconciled to the Group's interest in the associate	
Gross amounts of the net assets of the associate	4,518
Group's effective interest	21.6%
Group's share of net assets of the associate	976
Goodwill	45,385
Accumulated impairment	(45,775)
Carrying amount in the consolidated financial statements	586

18. DECONSOLIDATION OF SUBSIDIARIES

As described in note 2(e) to the consolidated financial statements, the Group deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statements for the financial year ended 31 December 2019.

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 January 2019:

Name	Place of establishment/ incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
和協海峽融資擔保有限公司# Harmonic Strait Credit Guarantee Company Limited*	PRC	US$20,000,000	90%	Provision of credit service, conduct investment business and advancing business
深圳瀚宏供應鏈管理有限公司 Shenzhen Hanhong SCM Co., Ltd.*	PRC	RMB10,000,000	90%	Provision of supply chain management service, operating import and export business and trading of metals
深圳薩尼威國際貿易有限公司 Shenzhen Sunnyway International Trading Company Limited*	PRC	RMB25,000,000	90%	Provision of credit service and conduct investment business

\# This deconsolidated subsidiary is registered as a sino-foreign joint venture limited liability company incorporated in the PRC.

* The English name is for identification purpose only.

18. DECONSOLIDATION OF SUBSIDIARIES *(CONTINUED)*

(b) The net assets of the Deconsolidated Subsidiaries as of 1 January 2019, which is based on their financial information as of 31 December 2018 were set out below respectively:

	Total
	HK$'000
Net assets deconsolidated of:	
Property, plant and equipment	104
Loan receivables	62,929
Trade receivables, prepayments, deposits and other receivables	66,938
Amounts due from the fellow subsidiaries	8,487
Cash and cash equivalent	8,380
Accruals and other payables	(11,492)
Non-controlling interests	(13,170)
	122,176
Loss on deconsolidation of subsidiaries	(120,156)
Translation reserve release upon deconsolidation	(2,020)
	–
Net cash outflow arising on deconsolidation of subsidiaries	
Cash and bank balances disposed of	(8,380)

19. DISPOSAL OF SUBSIDIARIES

(a) Disposal Group 1

In December 2019, the Company entered into sale and purchase agreement with an independent third party ("Purchaser 1") to dispose certain subsidiaries which listed as below. The disposal was completed on 27 December 2019.

List of disposed subsidiaries and its subsidiaries (collectively "Disposal Group 1"):

Name of subsidiary	Place of establishment/ incorporation and operation	Particulars of issued and paid up/ registered capital	Group's effective interest	Principal activities
Gold Classic Group Limited	BVI	USD1	100%	Investment holding
Blooming Charm Company Limited	BVI	USD1	100%	Investment holding
AIF Corporate Management Limited	BVI	USD1	100%	Investment holding
World Paradise Limited	BVI	USD1	100%	Investment holding
Aceland Enterprises Limited	BVI	USD1	100%	Investment holding
Asiaciti Limited	BVI	USD1	100%	Investment holding
AIF Fund Management Holdings Limited	BVI	USD50,000	100%	Investment holding
AIF Television Culture Communication Company Limited	BVI	USD1	100%	Investment holding
China Cloud Copper Company Limited	BVI	USD1	100%	Inactive
重慶富甲天下股權投資基金管理有限公司 Chongqing Fujia Tianxia Equity Investment Fund Management Co., Limited*	PRC	RMB50,000,000	90%	Inactive
江蘇長青寶科技有限公司 Jiangsu Chang Qing Bao Technology Co., Ltd*	PRC	RMB10,000,000	70%	Inactive

* The English name is for identification purpose only.

19. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(a) Disposal Group 1 *(continued)*

Details of net assets of Disposal Group 1 at date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Deposits and other receivables, net of impairment	7,721
Cash and cash equivalents	723
Accruals and other payables	(1,878)
	6,566
Gain on disposal of subsidiaries:	
Consideration receivables	6,110
Less:	
Net assets disposed of	6,566
Non-controlling interests	(1,484)
Translation reserve release upon disposal	(72)
Gain on disposal of subsidiaries	1,100
Net cash outflow arising on disposal:	
Cash and bank balances disposal of	(723)

19. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(b) Disposal Group 2

In December 2019, the Company entered into sale and purchase agreement with an independent third party ("Purchaser 2") to dispose certain subsidiaries which listed as below. The disposal was completed on 27 December 2019.

List of disposed subsidiaries and its subsidiaries (collectively "Disposal Group 2"):

Name of subsidiary	Place of establishment/ incorporation and operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
Hycolon Limited	Hong Kong	HK$1	100%	Inactive
AIF Energy and Resources Investments Limited	Hong Kong	HK$1	100%	Investment holding
AIF Healthtech Limited	Hong Kong	HK$1	100%	Investment holding
AIF Mining Technology Development Limited	Hong Kong	HK$100	100%	Investment holding
Asia Investment Finance Limited	Hong Kong	HK$1	100%	Inactive

Details of net assets of Disposal Group 2 at date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Right-of-use assets	2,471
Deposits and other receivables, net of impairment	664
Cash and cash equivalents	118
Lease liabilities	(4,338)
Accruals and other payables	(310)
	(1,395)
Gain on disposal of subsidiaries:	
Consideration receivables	118
Less:	
Net liabilities disposed of	(1,395)
Translation reserve release upon disposal	(3)
Gain on disposal of subsidiaries	1,516
Net cash outflow arising on disposal:	
Cash and bank balances disposal of	(118)
Total gain on disposal of Disposal Group 1 and Disposal Group 2	2,616

19. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(c) Disposal of Subsidiaries

During the eighteen months ended 30 June 2021, the Group had the following disposals of subsidiaries:

(i) On 30 June 2020, the Group entered into a sale and purchase agreement ("ISN Disposal") with Beijing Dewe Security Services Co., Ltd. (北京德威保安服務有限公司) ("Beijing Dewe") in relation to the disposal of the entire issued share capital of ISN and other receivables for a total consideration of HK$8,750,000, by way of by procuring Hongkong Dewe Security Services Co., Limited (香港德威保安服務有限公司) ("HK Dewe"), being a company incorporated in Hong Kong and wholly owned by Beijing Dewe and together with Beijing Dewe, the joint holders of the Convertible Bonds, to surrender the Convertible Bonds to the Company for cancellation.

On 30 June 2020, Beijing Dewe and HK Dewe entered into the sale and purchase agreement with the Group in relation to the disposal by the Group of the entire issued share capital of ISN and the other receivables for a total consideration of HK$8,750,000 by way of surrendering by the vendors of ISN and Dewe Kexin of the relevant 2021 Convertible Bonds in principal amount of HK$8,750,000 issued by the Company and arising from the 2018 Profit Guarantee. The disposal has been completed on 31 December 2020.

(ii) Pursuant to a loan agreement entered into between the Company's subsidiary as borrower and an independent third party as lender, a share pledge (the "Share Pledge") over the Group's 51% equity interest in Dewe Kexin created as security for a loan in principal amount of RMB5,000,000 (the "Loan") was registered on 14 January 2020. The Share Pledge was subsequently enforced on 17 February 2020. As a result, Dewe Kexin ceased to be a subsidiary of the Company ("Dewe Deconsolidation").

(iii) On 26 March 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of the Group's equity interest in Ya Tou Hui Jin (Beijing) Asset Management Co., Ltd. (亞投匯金(北京)資產管理有限公司) ("Ya Tou Hui Jin"), which owned 21.6% interest in Sunrise Insurance, for a consideration of RMB12,000,000 (equivalent to approximately HK$13,679,000). The transaction was completed on 26 March 2021.

Disposal of subsidiaries	HK$'000
Continuing operations	
Gain on disposal of Ya Tou Hui Jin	13,444
Discontinuing operation	
Gain on disposal of ISN	4,440
Loss on disposal of Dewe Kexin	(3,952)
	488
Total gain on disposal of subsidiaries	13,932

19. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(c) Disposal of Subsidiaries *(continued)*

Consideration received

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Consideration received in cash and cash equivalents	–	–	13,679	13,679
Waive of liabilities	–	5,600	–	5,600
Cancellation of convertible bonds payables	7,629	–	–	7,629
	7,629	5,600	13,679	26,908

Analysis of assets and liabilities over which control was lost:

	ISN	Dewe Kexin	Ya Tou Hui Jin	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Net assets/liabilities disposed of:				
Property, plant and equipment	–	16	5	21
Goodwill	–	489	–	489
Intangible assets	–	11,188	–	11,188
Interest in an associate	–	–	586	586
Trade receivables	199	5,449	–	5,648
Prepayments, deposits and other receivables	9,182	5,748	5,708	20,638
Cash and cash equivalents	(18)	10,740	10	10,732
Tax recoverable	45	–	–	45
Trade payables	–	(3,044)	–	(3,044)
Accruals and other payables	(1,219)	(6,180)	(5,819)	(13,218)
Other loans	(5,000)	–	–	(5,000)
Tax payables	–	(2,961)	–	(2,961)
Deferred tax liabilities	–	(2,797)	–	(2,797)
Net assets disposed of	3,189	18,648	490	22,327

19. DISPOSAL OF SUBSIDIARIES *(CONTINUED)*

(c) Disposal of Subsidiaries *(continued)*

Consideration received (continued)

Gain/(loss) on disposal of subsidiaries:

	ISN	**Dewe Kexin**	**Ya Tou Hui Jin**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Consideration received	7,629	5,600	13,679	26,908
Cumulative exchange difference on translation of these subsidiaries reclassified from equity to profit and loss	–	224	255	479
Net assets disposed of	(3,189)	(18,648)	(490)	(22,327)
Non-controlling interests	–	8,872	–	8,872
Gain/(loss) on disposal of subsidiaries	4,440	(3,952)	13,444	13,932

Net cash inflows/(outflows) arising on disposal of subsidiaries:

	ISN	**Dewe Kexin**	**Ya Tou Hui Jin**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Consideration received in cash and cash equivalents	–	–	13,679	13,679
Less:				
Cash and cash equivalents disposed of	18	(10,740)	(10)	(10,732)
Net cash inflows/(outflows) arising on disposal of subsidiaries	18	(10,740)	13,669	2,947

20. DISCONTINUED OPERATION

As detailed in notes 19(c)(i) and (ii) to the consolidated financial statements of the result of the disposal of subsidiaries ISN and Dewe Kexin, 100% and 51% interest in ISN and Dewe Kexin, respectively, with principal operation as trading of security products and provision of security services is presented as discontinued operation.

The loss for the period from discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the operations as discontinued operation.

	For eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 HK$'000
Gain on disposal of subsidiaries	**488**	–
Loss of discontinued operation for the period/year	**(5,036)**	(1,171)
	(4,548)	(1,171)

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

20. DISCONTINUED OPERATION *(CONTINUED)*

The results from the discontinued operation for the period ended 30 June 2021 are analysed as follows:

	For the eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 HK$'000
Revenue	**784**	81,921
Cost of sales and services	**–**	(64,044)
Gross profit	**784**	17,877
Other revenue and other net gain/(loss)	**146**	(190)
Fair value gain on contingent consideration receivables	**–**	54,510
Operating expenses	**(1,692)**	(18,339)
(Loss)/profit from operations	**(762)**	53,858
Finance costs	**(124)**	(13)
Other non-operating expenses		
Gain on disposal of property, plant and equipment	**390**	–
Loss before impairment and tax	**(496)**	53,845
Impairment loss on goodwill	**–**	(40,235)
Impairment loss on intangible assets	**–**	(10,293)
Impairment loss on property, plant and equipment	**–**	(294)
Impairment loss on trade receivables, net	**(4,410)**	(3,972)
Impairment loss on other receivables, net	**(130)**	(660)
Loss before tax	**(5,036)**	(1,609)
Income tax credit	**–**	438
Loss for the period/year	**(5,036)**	(1,171)
Net cash outflow from operating activities	**(5,240)**	(652)
Net cash inflow from investing activities	**646**	–
Net cash inflow/(outflow) from financing activities	**4,556**	(13)
Net decrease in cash from discontinued operation	**(38)**	(665)

21. TRADING SECURITIES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trading securities		
— Equity shares listed in Hong Kong	**174**	114

The trading securities are initially recognised at fair value. The Group holds the trading securities for trading purpose. At the end of reporting period the fair value is re-measured, with any resultant gain or loss being recognised in profit or loss. The fair value is measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

22. LOAN RECEIVABLES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Loan receivables from advancing business	**122,555**	122,555
Less: Impairment	**(122,555)**	(122,555)
	–	–
Representing:		
Current portion	**–**	–
Non-current portion	**–**	–
	–	–

(a) At 30 June 2021, loan receivables bear interest at rates ranged from 5% to 17% per annum (31 December 2019: 5% to 17%), and with repayment terms, mutually agreed between the contracting parties. At 30 June 2021, the Group lent the loans to independent customers in total of HK$122,555,000 (31 December 2019: HK$122,555,000), of which HK$17,245,000 (31 December 2019: HK$17,245,000) was secured by a personal guarantee of a customer and HK$99,128,000 (31 December 2019: HK$99,128,000) was secured by unlisted equity shares of some PRC companies.

22. LOAN RECEIVABLES *(CONTINUED)*

(b) At the end of the reporting period, all the loan receivables are overdue.

(c) As detailed in note 2(e) in the consolidated financial statement, the Group entered into the Disposal Agreement with the Purchaser for the disposal of Market Season Limited with its subsidiaries and AIF Finance Limited for a total cash consideration of RMB2,000,000 (equivalent to approximately HK$2,410,000).

During the year ended 31 December 2019, the Group made full provision for impairment on loan receivables and interest receivable of AIF Finance Limited. The Company consulted its Hong Kong legal advisers and the PRC legal advisers and was given to understand that there is a high level of uncertainties associated with the recovery prospect of the loans and there were significant hurdles in realising the collaterals and enforcing the personal guarantees under the security documents of the loans. Some of the borrowers had also been ruled as dishonest persons by the PRC courts. Subsequently, based on the advice of its Hong Kong legal advisers, the Company commenced legal actions against some of the borrowers with apparent connections in Hong Kong but there is no success so far.

In view of the litigation uncertainties brought by those legal actions both in terms of costs and outcome, coupled with the assessment of the recovery prospect of the outstanding loans as detailed above, the management of the Company believes that there is no sound commercial justification that further resources should be devoted to the legal actions relating to the outstanding loans. In the circumstances, the disposal of AIF Finance Limited appears to be a time-efficient and cost-effective way to reduce the Group's continual exposure to further litigation and recovery costs while retaining a majority of its entitlement in any proceeds recoverable from AIF Finance Limited through the mechanism of Proportional Entitlement.

23. TRADE RECEIVABLES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trade receivables arising from dealing in security	**2,813**	2,788
Interest receivables arising from advancing business	**12,387**	12,387
Trade receivables arising from trading of party products	**104,246**	9,303
Trade receivables arising from trading of security products	**–**	5,449
Trade receivables arising from trading of commodities	**5,905**	–
Trade receivables arising from provision of security services	**–**	7,834
	125,351	37,761
Less: Impairment	**(16,353)**	(19,107)
	108,998	18,654

Customers from trading of party products, commodities, and provision of security services are usually offered a credit period of up to 90 days. Customers from trading of security products are due immediately when goods are delivered. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

(a) An ageing analysis of trade receivables based on the date of the invoice and net of provision of impairment loss is as follows:

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Within 30 days	**104,296**	5,265
31 to 60 days	**–**	5,294
61 to 90 days	**–**	4,056
Over 90 days	**4,702**	4,039
	108,998	18,654
Trade receivables from dealing in securities not past due	**(64)**	(40)
	108,934	18,614

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trade deposits and other receivables	**42,483**	56,569
Prepayments and other deposits	**23,572**	6,808
	66,055	63,377
Less: Impairment	**(47,649)**	(36,400)
	18,406	26,977
Representing:		
Current-portion	**18,006**	26,577
Non-current portion	**400**	400
	18,406	26,977

The amount of prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is approximately HK$400,000 (31 December 2019: HK$400,000). The remaining amount is expected to be recovered or recognised as expense within one year.

As at 30 June 2021, total impairment loss for prepayment, deposits and other receivables was approximately HK$47,649,000 (31 December 2019: HK$36,400,000), of which approximately HK$31,149,000 (31 December 2019: HK$25,220,000) related to impairment of other receivables, approximately HK$10,500,000 (31 December 2019: HK$11,180,000) mainly related to impairment of trade deposits paid in previous year due to uncertainty in future prospects of trading of metals and minerals business, and approximately HK$6,000,000 (31 December 2019: Nil) related to impairment of other deposit.

During the eighteen months ended 30 June 2021, the impairment of deposits amounting HK$5,855,000 (31 December 2019: HK$12,780,000), of which HK$978,000 (31 December 2019: HK$1,600,000) was written off in the same period. For details of impairment of other receivables, please refer to note 43(a).

25. CLIENT TRUST BANK BALANCE

The Group receives and holds monies deposited by clients and other institutions in the course of the conduct of the regulated activities of securities brokerage. These clients' monies are maintained in one trust bank account. The Group has recognised the corresponding trade payables to respective clients (Note 30).

26. CASH AND CASH EQUIVALENTS

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Cash and bank balances	**248,778**	13,525
Cash and cash equivalents in the statement of cash flows	**248,778**	13,525

Cash and cash equivalents include short-term bank deposit, carrying interest at prevailing market rates.

27. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 January 2019	100,000,000	10,000,000
Capital Reorganisation *(Note (a))*	9,900,000,000	–
Ordinary shares of HK$0.001 each		
At 31 December 2019 and 1 January 2020	10,000,000,000	10,000,000
Share consolidation *(Note (d))*	(9,000,000,000)	–
Ordinary shares of HK$0.01 each		
At 30 June 2021	1,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 January 2019	9,327,172	932,717
Issue of new shares	50,800	5,080
Capital Reorganisation *(Note (a))*	(8,440,175)	(936,859)
Ordinary shares of HK$0.001 each		
At 31 December 2019 and 1 January 2020	937,797	938
Issue of new shares *(Note (b))*	181,463	181
Issue of new shares *(Note (c))*	223,852	224
Share consolidation on 1 December 2020 *(Note (d))*	(1,208,801)	–
Subscription shares under specific mandate in January 2021 *(Notes (e) and (f))*	402,934	4,029
Ordinary shares of HK$0.01 each		
At 30 June 2021	537,245	5,372

27. SHARE CAPITAL *(CONTINUED)*

(a) The Capital Reorganisation was approved by the Company's shareholders at an extraordinary general meeting of the Company on 23 May 2019 and completed on 24 July 2019. The number of authorised share capital of the Company was increased from 100,000 million shares to 10,000,000 million consolidated shares and its authorised capital of HK$10,000 million remained unchanged on the completion date of the Capital Reorganisation. The Company's issued share capital was reduced from HK$937,797,200 divided into 9,377,972,000 shares to HK$937,797 divided into 937,797,200 consolidated shares on the completion date of the Capital Reorganisation.

The Capital Reorganisation comprises following:

(i) the par value of each issued ordinary share of the Company of HK$0.1 would be reduced to HK$0.0001 by cancelling the paid-up share capital to the extent of HK$0.0999 on each issued share (the "Capital Reduction");

(ii) immediately after the Capital Reduction becomes effective, each authorised but unissued share will be sub-divided into 1,000 new ordinary shares of the Company of HK$0.0001 each ("New Shares") (the "Sub-division"); and

(iii) immediately after the Capital Reduction and Sub-division become effective, the New Shares would be consolidated on the basis that every 10 issued and unissued New Shares of HK$0.0001 each will be consolidated into one new ordinary shares of the Company of HK$0.001 each ("Consolidated Share").

A credit of approximately HK$936,859,000 arising from the Capital Reduction was transferred to the share premium account of the Company. Details are set out in the Company's circular dated 26 April 2019 and its announcements dated 4 April 2019, 23 May 2019, 8 July 2019 and 24 July 2019.

(b) On 20 April 2020, 181,463,440 ordinary shares have been successfully placed to not less than six placees at the placing price of HK$0.1 per placing share and none of the placees is a substantial shareholder of the Company upon completion of the placing. The gross proceeds from the placing are approximately HK$18,146,000 and the net proceeds are approximately HK$17,965,000 (after deduction of commission and other expenses of the placing).

(c) On 4 August 2020, 223,852,128 placing shares have been successfully placed to not less than six placees at the placing price of HK$0.105 per placing share and none of the placees is a substantial shareholder of the Company upon completion of the placing. The gross proceeds from the placing are approximately HK$23,500,000 and the net proceeds are approximately HK$22,960,000 (after deduction of commission and other expenses of the placing).

(d) On 1 December 2020, the Company completed a share consolidation for every ten issued and unissued shares of HK$0.001 each in the share capital of the Company be consolidated into one share of HK$0.01 each (a "2020 Consolidated Share"), and such 2020 Consolidated Share(s) shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company.

(e) On 14 January 2021, 118,259,944 rights shares were allotted and issued by the Company, of which, 79,794,000 rights shares accepted by Ng Concert Party Group pursuant to the Irrevocable Undertaking, for a total consideration of approximately HK$83,965,000 at the subscription price of HK$0.71 per share. The consideration for the subscription had been fully settled in cash.

(f) On 25 January 2021, 284,673,884 subscription shares were allotted and issued by the Company to Neo Tech Inc. for a total consideration of HK$202,118,000 at the subscription price of HK$0.71 per share, in accordance with the subscription agreement and the specific mandate approved by the independent shareholders at the EGM. The consideration for the subscription had been fully settled in cash.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

At the annual general meeting of the Company held on 26 June 2017, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme") which took effect from 26 June 2017 (the "Commencement Date"). The purpose of the Share Option Scheme is to provide incentives or rewards to participants (the "Participants") of the Share Option Scheme for their contribution to, and continuing efforts to promote the interests of the Group. The Participants (as defined in the Share Option Scheme) include any employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Company or any of its subsidiaries) and any distributor, contractor, business partner, promoter, service provider, customer, supplier, consultant, agent and adviser or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 26 June 2017. The scheme mandate limit in respect of the granting of options to subscribe for shares under the Share Option Scheme was refreshed and renewed at the annual general meeting of the Company held on 18 June 2019. The maximum number of the ordinary shares (the "Shares") of the Company upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the ordinary shares of the Company in issue as at the date of passing the resolution on 18 June 2019 (the "Refreshed Limit") and that the directors be and were authorised, subject to compliance with the listing rules, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all powers of the Company to allot, issue and deal with Shares of the Company pursuant to the exercise of such options. Save as disclosed above, the other principal terms of the Share Option Scheme are as follows:

(i) The overall maximum number of Shares which may be issued upon the exercise of all outstanding options grants and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Shares in issue from time to time.

(ii) The total number of Shares in respect of which options may be granted to each eligible participant in any 12-month period must not exceed 1% of the issued share capital of the Company for the time being.

(iii) The subscription price shall be a price determined by the Directors, but shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations on the date of grant, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of grant; and (c) the nominal value of the Share.

(iv) An option may be accepted by an eligible participant for a period of 21 days from the date upon which the offer of the grant of option is made. A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an option.

The total number of Shares available for issue under the Share Option Scheme was 10,179,720 as at 31 December 2019, representing 1.1% of the issued Shares (937,797,200 Shares) of the Company as at 31 December 2019.

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(CONTINUED)*

Details of the share options granted and summary of movements of the outstanding share options for the eighteen months ended 30 June 2021 under the Share Option Scheme are as follows:

					Number of share options			
	Date of grant	Exercise price	Note	Exercisable period	Outstanding as at 1 January 2020	Lapsed	Forfeited	Outstanding as at 30 June 2021
Executive Directors								
Cheung Kwan *(Removed on 19 December 2019)*	27 July 2017	0.15	(i)	From 27 July 2017 to 26 July 2020	25,000,000	(25,000,000)	–	–
Liu Hu *(Resigned on 6 November 2019)*	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	5,000,000	(5,000,000)	–	–
Ling Zack Xiange *(Resigned on 15 January 2019)*	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	1,000,000	(700,000)	(300,000)	–
Non-executive Directors								
Wang Dayong *(Resigned on 9 December 2019)*	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	9,000,000	(6,300,000)	(2,700,000)	–
Independent Non-executive Directors								
Anthony Espina	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	900,000	(900,000)	–	–
Employees	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	1,400,000	(1,400,000)	–	–
	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	7,000,000	(7,000,000)	–	–
	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	14,100,000	(9,400,000)	(4,700,000)	–
Consultants	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	4,000,000	(4,000,000)	–	–
	27 July 2017	0.15	(iii)	From 27 July 2017 to 26 July 2020	15,300,000	(15,300,000)	–	–
Others	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	900,000	(900,000)	–	–
					83,600,000	75,900,000	7,700,000	–

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(CONTINUED)*

Details of the share options granted and summary of movements of the outstanding share options for the year ended 31 December 2019 under the Share Option Scheme are as follows:

	Date of grant	Exercise price HK$	Note	Exercisable period	Number of share options: Outstanding as at 1 January 2019	Lapsed before capital reorganisation	Outstanding share options immediately before capital reorganisation	Effect on capital reorganisation	Outstanding as at 31 December 2019
Executive Directors									
Cheung Kwan *(Removed on 19 December 2019)*	27 July 2017	0.15	(i)	From 27 July 2017 to 26 July 2020	250,000,000	–	250,000,000	(225,000,000)	25,000,000
Liu Hu *(Resigned on 6 November 2019)*	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	50,000,000	–	50,000,000	(45,000,000)	5,000,000
Ling Zack Xiange *(Resigned on 15 January 2019)*	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	50,000,000	(40,000,000)	10,000,000	(9,000,000)	1,000,000
Non-executive Directors									
Wang Dayong *(Resigned on 9 December 2019)*	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	90,000,000	–	90,000,000	(81,000,000)	9,000,000
Independent Non-executive Directors									
Anthony Espina	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	9,000,000	–	9,000,000	(8,100,000)	900,000
Employees	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	14,000,000	–	14,000,000	(12,600,000)	1,400,000
	29 November 2017	0.15	(iv)	From 29 November 2017 to 28 November 2020	70,000,000	–	70,000,000	(63,000,000)	7,000,000
	7 September 2018	0.15	(v)	From 7 September 2018 to 6 September 2021	141,000,000	–	141,000,000	(126,900,000)	14,100,000
Consultants	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	40,000,000	–	40,000,000	(36,000,000)	4,000,000
	27 July 2017	0.15	(iii)	From 27 July 2017 to 26 July 2020	153,000,000	–	153,000,000	(137,700,000)	15,300,000
Others	27 July 2017	0.15	(ii)	From 27 July 2017 to 26 July 2020	9,000,000	–	9,000,000	(8,100,000)	900,000
					876,000,000	(40,000,000)	836,000,000	(752,400,000)	83,600,000

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(CONTINUED)*

Notes:

(i) Share options were conditionally granted and vested subject to the approval of the shareholders of the Company, and such approval was obtained on 20 March 2018.

(ii) Share options were vested immediately on the date of the options granted.

(iii) Each of the one third of the share options will be vested on the date of the options granted, 1 January 2018 and 1 January 2019 respectively. The exercise period is from the effective vested dates to 26 July 2020.

(iv) 50% of the share options were vested immediately on the date of the options granted and the remaining 50% of the share options will be vested on 29 November 2018. The exercise period is from the effective vested dates to 28 November 2020.

(v) Each of the one third of the share options will be vested on the date of the options granted, 1 January 2020 and 1 January 2021 respectively. The exercise period is from the effective vested dates to 6 September 2021.

(vi) As at 30 June 2020, no share options were outstanding. (As at 31 December 2019: 83,600,000 share options were outstanding, out of which 68,200,000 share options are exercisable).

No share option was granted during the eighteen months ended 30 June 2021 (For the year ended 31 December 2019: HK$1,060,000) in relation to share options granted by the Company.

29. RESERVES

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bond reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	3,058,278	31,971	37,063	14,690	(3,817,690)	(675,688)
Convertible bonds restructure	–	–	(11,170)	–	11,114	(56)
Equity settled share-based payment	–	–	–	1,060	–	1,060
Capital reorganisation	936,859	–	–	–	–	936,859
Lapsed of share options	–	–	–	(180)	180	–
Total comprehensive loss for the year	–	–	–	–	(412,691)	(412,691)
At 31 December 2019 and 1 January 2020	**3,995,137**	**31,971**	**25,893**	**15,570**	**(4,219,087)**	**(150,516)**
Share issuance	**322,650**	**–**	**–**	**–**	**–**	**322,650**
Release of convertible bonds reserves	**–**	**–**	**(24,400)**	**–**	**24,400**	**–**
Equity settled share-based payment	**–**	**–**	**–**	**(546)**	**–**	**(546)**
Lapse of share options	**–**	**–**	**–**	**(15,024)**	**15,024**	**–**
Total comprehensive loss for the period	**–**	**–**	**–**	**–**	**(33,225)**	**(33,225)**
At 30 June 2021	**4,317,787**	**31,971**	**1,493**	**–**	**(4,212,888)**	**138,363**

(i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in share premium account are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.

29. RESERVES *(CONTINUED)*

The Company *(continued)*

(iii) Capital reserve

Capital reserve of the Group represents the difference between the nominal values of the ordinary shares issued by the Company and the share capital of Silver Pattern Limited acquired through the share swap pursuant to the reorganisation of the Group for the listing of the Company's shares (the "Reorganisation") in 2017.

(iv) Contributed surplus

Contributed surplus represents the excess of the fair value of the shares of Silver Pattern Limited determined on the basis of the consolidated net assets of Silver Pattern Limited at the due of the Reorganisation over the normal value of the shares issued by the Company in exchange thereof.

(v) Convertible bond reserve

The convertible bond reserve represents the unexercised equity component of the convertible bond issued by the Company recognised in accordance with the accounting policy adopted for convertible bond.

(vi) Statutory reserve

The Company's subsidiaries incorporated in the PRC are required to make appropriations to statutory reserves from their profit for the year after offsetting accumulated losses carried forward from prior years as determined under the PRC accounting regulations and before distribution to equity holders. The percentages to be appropriated to such statutory reserve are determined according to relevant regulations in the PRC. Enterprises in Mainland China are required to transfer at least 10% of their profit after taxation to the statutory surplus reserve until the balance of the reserve is equal to 50% of their registered capital.

(vii) Distributability of reserves

At 30 June 2021 and 31 December 2019, no reserves were available for distribution to equity shareholders of the Company.

(viii) Share option reserve

The share option reserve represents the recognition of the value of equity settled share-based payments provided to non-employee and employees, including key management personnel, as part of the remuneration. Please refer to note 28 for further details.

30. TRADE PAYABLES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Trade payables arising from dealing in security	**763**	1,924
Trade payables arising from trading of security products	**–**	3,044
Trade payables arising from trading of party products	**52,673**	2,796
	53,436	7,764

The ageing analysis of trade payables arising from trading of security products and trading of party products is as follows:

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
0 to 30 days	**52,673**	2,796
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**–**	3,044
	52,673	5,840

The trade payables arising from trading of security products and trading of party products are non-interest bearing and are normally settled within 90 days. The carrying amounts of the trade payables at the end of the reporting period approximated their fair values.

31. ACCRUALS AND OTHER PAYABLES

	Note	**As at 30 June 2021 HK$'000**	As at 31 December 2019 HK$'000
Deposits received		**720**	1,782
Contract liabilities	(a)	**–**	–
Loan from a securities broker		**1,358**	1,231
Advance from a former non-executive director		**–**	3,280
Advance from a subsidiary's non-controlling shareholder		**–**	1,119
Accrued salaries and bonus	(b)	**2,835**	5,491
Accrued interests		**4,246**	987
Other accrued expenses		**5,753**	17,285
Dividend payable		**7**	3
Other tax payables		**59**	–
Other payables		**7,000**	12,126
		21,978	43,304

The carrying amounts of accruals and other payables at the end of the reporting period approximated their fair values. All of the accrued expenses and other payables are expected to be settled or recognised as income within one year.

Notes:

(a) Movements in contract liabilities

	2019 HK$'000
At 1 January 2019	15,779
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(15,779)
At 31 December 2019, 1 January 2020 and 30 June 2021	–

The typical payment terms which impact on the amount of contract liability recognised in above:

Sales of security product

The Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the time of deposit received, until the control of the goods has transferred to the customer, being at the point the goods are delivered to the customers.

(b) As at 30 June 2021, accrued salaries and bonuses amounted to approximately HK$2,835,000 (31 December 2019: HK$2,838,000 was payable to existing and former directors (including both executive and independent non-executive directors).

32. CONTINGENT CONSIDERATION RECEIVABLES

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Contingent consideration receivables	–	60,340
Representing:		
Current portion	–	26,110
Non-current portion	–	34,230
	–	60,340

Contingent consideration receivables represent the Guarantee Profit of the Acquired Group for the Relevant Years given by the Vendors to the Group in relation to the acquisition of Acquired Group. On 5 December 2018, the Group and two independent third parties (the "Vendors") entered into a sale and purchase agreement, pursuant to which the Group agreed to purchase and the Vendors agreed to dispose of 100% equity interest in International Security Net Co., Limited ("International Security Net") and 51% equity interest in Dewe Kexin (Beijing) Technology Co., Ltd. ("Dewe Kexin") (collectively the "Acquired Group") at a total consideration of HK$70 million which was satisfied by convertible bonds of principal amount of HK$70 million (the "Consideration").

The convertible bonds include three tranches of principal amount of HK$8.75 million, HK$26.25 million and HK$35 million respectively which shall become convertible from the date of settlement of the Compensation for each of the years ended 31 December 2018, 2019 and 2020 ("the Relevant Years") (details refer to the following paragraph) until maturity date. The Vendors guaranteed that the combined audited consolidated profit after tax (excluding extraordinary and exceptional items) of the Acquired Group prepared under HKFRSs (the "Net Profit of Each of the Relevant Years") shall be not less than HK$10 million, HK$30 million and HK$40 million for each of the three years ended 31 December 2018, 2019 and 2020 respectively (the "Guarantee Profit of Each of the Relevant Years"), failing which the Vendors shall pay compensation (the "Compensation") to the Group to be calculated as follows:

The Consideration x (the Guaranteed Profit of the Each of the Relevant Years – the Net Profit of Each of the Relevant Years)/the Total Guaranteed Profit of the Relevant Years

For termination of the Guarantee Profit in June 2020, please refer to note 37(b) for details.

33. PROVISIONS

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Provision for litigation claim		
At 1 January 2020	**6,580**	–
Provision made	**–**	6,580
Provision settled	**(6,580)**	–
At 30 June 2021	**–**	6,580
Representing:		
Current portion	**–**	6,580
Non-current portion	**–**	–
	–	6,580

As described in section "Charge of Assets" under Management Discussion and Analysis, provision was made by the Group for the best estimate of the expected legal claim for the vessel with the carrying amount of HK$16,875,000 as at 31 December 2019. The amount of provision takes into account the outstanding fees and expenses claimed by Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service) which was subsequently settled in May 2020. The vessel was released, unencumbered, back to the Group's possession on 4 June 2020.

34. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period:

	As at 30 June 2021		As at 31 December 2019	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**1,860**	**2,079**	5,976	5,998
After 1 year but within 2 years	**1,427**	**1,480**	–	–
	3,287	**3,559**	5,976	5,998
Less: Total future interest expenses		**(272)**		(22)
Present value of lease liabilities		**3,287**		5,976

The weighted average incremental borrowing rates applied to lease liabilities range from 9.18% to 12.0% (2019: from 8.13% to 10.83%).

35. OTHER LOANS

At 30 June 2021, the Group bears other loan amounting HK$13,000,000 (31 December 2019: HK$13,000,000), which was overdue and unsecured with fixed interest rate of 5% per annum, and outstanding interests amounting to HK$1,937,000 (31 December 2019: HK$986,000), which was included in accrued expenses.

At 30 June 2021, the amount of RMB4,120,000 (equivalent to approximately HK$4,947,000) was drawdown in April 2021 and the amount of RMB19,910,000 (equivalent to approximately HK$23,905,000) was drawdown in June 2021. They were unsecured with fixed interest rate of 8% per annum are repayable within 12 months of drawdown date, and outstanding interests amounting to RMB1,922,000 (equivalent to approximately HK$2,191,000) which were included in accrued expenses.

At the date of this report, the outstanding loan principal amount and outstanding interest are HK$13,000,000 and HK$1,937,000 respectively.

36. DEFERRED TAX LIABILITIES

The component of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Intangible assets
	HK$'000
At 1 January 2019	6,750
Credited to profit or loss	(3,926)
Exchange adjustments	(27)
At 31 December 2019 and 1 January 2020	**2,797**
Disposal of subsidiaries *(Note 19)*	**(2,797)**
At 30 June 2021	–

Deferred tax assets have not been recognised in respect of the tax losses of HK$633,893,000 (31 December 2019: HK$296,776,000) as it is not probable that sufficient future taxable profits will be available in the subsidiaries in which the losses arose against which the unused tax losses can be utilised in the near future.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$Nil (31 December 2019: HK$9,871,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

37. CONVERTIBLE BONDS

		As at 30 June 2021			As at 31 December 2019		
	Note	**Liability portion HK$'000**	**Equity portion HK$'000**	**Total HK$'000**	Liability portion HK$'000	Equity portion HK$'000	Total HK$'000
2019 Convertible Bonds	(a)	**–**	**–**	**–**	–	–	–
2020 Convertible Bonds	(a)	**114,248**	**1,493**	**115,741**	108,601	1,493	110,094
2021 Convertible Bonds	(b)	**–**	**–**	**–**	52,890	24,400	77,290
Total		**114,248**	**1,493**	**115,741**	161,491	25,893	187,384
Representing:							
Current liabilities		**114,248**	**–**	**114,248**	108,601	–	108,601
Non-current liabilities		**–**	**–**	**–**	52,890	–	52,890
Convertible bonds reserve		**–**	**1,493**	**1,493**	–	25,893	25,893

Note (a)

On 18 February 2019, the Company and Internet Finance Investment Co. Ltd. (the "Original Bondholder"), a company wholly owned by Ms. Cheung Kwan, a former-executive Director and the former-chairlady of the Board, entered into a deed of variation, pursuant to which the parties agreed that, subject to fulfilment of the conditions precedent, the terms of the convertible bonds resulting from the extension of the maturity date for 1 year ("2019 Convertible Bonds") would be amended as follows:

(i) the maturity date to be extended from 18 February 2019 to 18 February 2020;

(ii) the 2019 Convertible Bonds would bear interest at the rate of 5% per annum commencing from 18 February 2019 (originally zero coupon); and

(iii) the principal amount of 2019 Convertible Bonds would increase from HK$100,000,000 to HK$105,000,000 and the Company would issue additional convertible bonds in the principal amount of HK$5,000,000 to the Original Bondholder free of payment.

Save as disclosed above, all the remaining terms and conditions of the 2019 Convertible Bonds remain unchanged.

37. CONVERTIBLE BONDS *(CONTINUED)*

Note (a) (continued)

The Convertible Bonds Restructure was considered to be substantial modification of terms and conditions of the 2019 Convertible Bonds. Accordingly, the 2019 Convertible Bonds have been accounted for as extinguishment and the convertible bonds resulting from the Convertible Bonds Restructure (the "2020 Convertible Bonds") have been recognised upon the completion of the Convertible Bonds Restructure on 25 June 2019.

The Group recognised the liability component and derivatives of the 2020 Convertible Bonds on 25 June 2019 which were determined based on the valuations performed by an independent firm of professional valuers with recognised qualifications and experiences using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option and Binomial option pricing model, respectively. The effective interest rate of the liability component is 11% per annum. The derivatives of the 2020 Convertible Bonds include Early Redemption Option and Mandatory Conversion Option, both options are interdependent.

The Early Redemption Option and Mandatory Conversion Option represent the Company shall redeem the Outstanding Convertible Bonds then outstanding at a value equal to the aggregate principal amount then outstanding on the maturity date. The Company shall be entitled to early redeem any part of the outstanding convertible bonds at any time prior to the maturity date at 103% of the principal amount. The Company shall be entitled to give notice to the bondholders at any time within 5 business days prior to the maturity date to require mandatory conversion of all outstanding convertible bonds.

The conversion price of 2020 Convertible Bonds was adjusted from HK$0.1 per Share to HK$1.0 per Consolidated Share with effect from 24 July 2019 and was subsequently adjusted to HK$7.91 per 2020 Consolidated Share upon the Share Consolidation and rights issue took place during the eighteen months ended 30 June 2021. The maximum number of Shares that will be issued upon conversion of all the outstanding 2020 Convertible Bonds at the adjusted conversion price of HK$7.91 is 13,274,336 2020 Consolidated Shares (2019: 105,000,000 at HK$1.00).

On 6 November 2019, the 2020 Convertible Bonds with the principal amount of HK$100,000,000 was transferred to Neo Tech. Inc. (the "New Bondholder") whereas Dr. Ng Yu, the chairman, executive director and the controlling party of the Company, is the beneficial owner.

On 5 July 2021, the Company redeemed the 2020 Convertible Bonds with principal amount of HK$100,000,000 with 5% interest per annum accruing from 19 February 2019 to 18 February 2020 and with default interest at 2.5% per annum accruing from 19 February 2020 up to date of actual repayment, which have already fallen due on 18 February 2020.

Up to the date of the consolidated financial statements, the 2020 Convertible Bonds with principal amount of HK$5,000,000 with 10% interest per annum was still outstanding.

The 2019 Convertible Bonds	**Liability Portion**	**Equity Portion**	**Derivative Financial Assets**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019	99,095	12,663	–	111,758
Interest charged to consolidated statement of profit or loss	905	–	–	905
Extinguishment upon completion of the convertible Bonds Restructure	(100,000)	(12,663)	–	(112,663)
At 31 December 2019	–	–	–	–

37. CONVERTIBLE BONDS *(CONTINUED)*

Note (a) (continued)

The 2020 Convertible Bonds	**Liability Portion**	**Equity Portion**	**Derivative Financial Assets**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 25 June 2019	102,796	1,493	(1,546)	102,743
Interest charged to consolidated statement of profit or loss	5,805	–	–	5,805
Fair value change	–	–	1,546	1,546
At 31 December 2019 and 1 January 2020	**108,601**	**1,493**	**–**	**110,094**
Interest charged to consolidated statement of profit or loss	**5,647**	**–**	**–**	**5,647**
At 30 June 2021	**114,248**	**1,493**	**–**	**115,741**

As at 25 June 2019 and 31 December 2019, the following assumptions are used to calculate the fair values of the derivatives of the 2020 Convertible Bonds based on a valuation performed by an independent firm of professional valuers with recognised qualifications and experiences using the Binominal option pricing model method. The fair value measurement of the derivatives of the 2020 Convertible Bonds are at Level 3 of the fair value hierarchy.

	At 25 June 2019	**At 31 December 2019**
Share price (HK$)	0.037	0.116
Conversion price (HK$)	0.10	1.00
Expected remaining life of the convertible bonds (years)	0.65	0.13
Expected volatility (%)	88.16	65.69
Risk free rate (%)	1.75	2.53
Expected dividend yield (%)	0	0

The fair value measurement is positively correlated to the expected volatility. As at 31 December 2019, it is estimated that all other variables held constant, an increase/decrease in the expected volatility by 1% would not affect the Group's loss.

Note (b)

On 17 December 2018, the Company issued convertible bonds in the principal amount of HK$70 million ("the 2021 Convertible Bonds") as consideration for the acquisition of two subsidiaries. Details of the arrangement, please refer to note 32.

The 2021 Convertible Bonds do not bear interest and will be mature on the third anniversary of the date of issue with conversion price of HK$0.1 per share. At the date of issue of the 2021 Convertible Bonds, the fair value of the liability component of the 2021 Convertible Bonds were determined based on a valuation performed by an independent valuer using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option. The effective interest rate of the liability component is 15.34% per annum.

The conversion price of 2021 Convertible Bonds was adjusted from HK$0.1 per Share to HK$1.0 per Consolidated Share with effect from 24 July 2019. The maximum number of Shares that will be issued upon conversion of all the outstanding 2021 Convertible Bonds at the adjusted conversion price of HK$1.00 is 70,000,000 Shares. Details of the adjustments of the conversion price of the 2021 Convertible Bonds are set out in the Company's announcement on 24 July 2019.

37. CONVERTIBLE BONDS *(CONTINUED)*

Note (b) (continued)

On 30 June 2020, the vendors of the acquisition of ISN and Dewe Kexin and the Group entered into a supplemental deed (the "Deed"), pursuant to which it was mutually agreed that profit guarantee for the years ended 31 December 2019 and 2020 was unfulfilled and terminated respectively. The Vendors agreed to surrender the corresponding convertible bonds in the principal amount of HK$26,250,000 and HK$35,000,000 respectively to the Company for cancellation.

The 2021 Convertible Bonds	**Liability Portion** HK$'000
At 1 January 2019	45,600
Interest charged to consolidated statement of profit or loss	7,290
At 31 December 2019 and 1 January 2020	52,890
Cancellation of convertible bond *(Note)*	(49,693)
Cancellation of convertible bond upon disposal of a subsidiary *(Note 19(c)(i))*	(7,629)
Interest charged to consolidated statement of profit or loss	4,432
At 30 June 2021	–

No new shares of the Company were issued upon exercise of the 2019 Convertible Bonds, 2020 Convertible Bonds and 2021 Convertible Bonds during the eighteen months ended 30 June 2021.

38. AMOUNT DUE TO A DECONSOLIDATED SUBSIDIARY

At 30 June 2021, the balance of approximately HK$8,467,000 (31 December 2019: HK$8,467,000) was an amount due to a deconsolidated subsidiary, which is unsecured, interest free and repayable on demand.

39. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group has six (For the year ended 31 December 2019: Six) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— Securities brokerage and assets management

— Advancing business

— Credit guarantee and investment business

— Trading of party products

— Trading of metals and minerals

— Trading of commodities

An operating segment regarding the trading of security products and provision of security services was discontinued in the current period. The segment information reported on the next pages does not include any amounts for this discontinued operation, which are described in more detail in note 20.

39. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment results represents the profit/(loss) earned by each segment without allocation of administrative expenses, certain other revenue and other net gain/(loss), other non-operating expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operation segment:

For the eighteen months ended 30 June 2021

	Securities brokerage and assets management HK$'000	Advancing business HK$'000	Credit guarantee service and investment business HK$'000	Trading of party products HK$'000	Trading of metal and minerals HK$'000	Trading of commodities HK$'000	Total HK$'000
Revenue							
Segment revenue	23,919	–	–	174,666	–	141,519	340,104
Inter-segment revenue	(668)	–	–	–	–	–	(668)
Revenue from external customers	23,251	–	–	174,666	–	141,519	339,436
Result							
Segment results	(11,313)	(976)	(25)	3,240	(45)	(1,231)	(10,350)
Reconciliation:							
Unallocated corporate income							789
Unallocated corporate expenses							(26,491)
Net exchange gain							1,539
Bank interest income							185
Finance costs							(14,466)
Reversal of equity share-based payment expenses							546
Loss on disposal of property, plant and equipment							(3)
Loss on cancellation of profit guarantee and convertible bonds							(10,647)
Gain on disposal of subsidiaries							13,444
Impairment loss on right-of-use assets							(3,387)
Impairment loss on deposit paid, net							(5,855)
Impairment loss on other receivables, net							(6,198)
Loss before tax							(60,894)
Income tax							(2,355)
Loss for the period							(63,249)

39. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results *(continued)*

For the eighteen months ended 30 June 2021 *(continued)*

	Securities brokerage and assets management HK$'000	Advancing business HK$'000	Credit guarantee service and investment business HK$'000	Trading of party products HK$'000	Trading of metal and minerals HK$'000	Trading of commodities HK$'000	Unallocated HK$'000	Total HK$'000
Other segment information:								
Capital expenditure of property, plant and equipment	3,340	847	–	5	–	–	1,610	5,802
Depreciation on property, plant and equipment	186	353	–	146	–	–	4,163	4,848
Depreciation on right-of-use assets	166	36	–	–	–	–	201	403
Impairment loss on right-of-use assets	912	263	–	–	–	–	2,212	3,387
Impairment loss on trade receivables, net	22	–	–	–	–	1,217	–	1,239
Impairment loss on deposit paid, net	–	–	–	–	–	–	5,855	5,855
Impairment loss on other receivables, net	–	–	–	72	567	–	5,559	6,198
Realised gain on disposal of trading securities	(62)	–	–	–	–	–	–	(62)
Unrealised loss on fair value changes in trading securities	2	–	–	–	–	–	–	2
Loss on written off of property, plant and equipment	–	–	–	118	–	–	–	118

39. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results *(continued)*

For the year ended 31 December 2019

	Securities brokerage and assets management	Advancing business	Credit guarantee service and investment business	Trading of party products	Trading of metal and minerals	Total (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue						
Segment revenue	741	12,001	–	40,965	–	53,707
Inter-segment revenue	(15)	–	–	–	–	(15)
Revenue from external customers	726	12,001	–	40,965	–	53,692
Result						
Segment results	(36,237)	(130,671)	375	(4,541)	(11,241)	(182,315)
Reconciliation:						
Unallocated corporate income						13,768
Unallocated corporate expenses						(34,966)
Bank interest income						14
Fair value loss on derivative financial assets						(1,546)
Loss on convertible bonds restructure						(1,693)
Finance costs						(15,671)
Equity settled share-based payment expenses						(1,060)
Share of profit of an associate						5,396
Loss on deregistration of subsidiaries						(159)
Loss on deconsolidation of subsidiaries						(120,156)
Gain on disposal of subsidiaries						2,616
Impairment loss on interest in an associate						(46,445)
Loss before tax						(382,217)
Income tax						(10)
Loss for the year						(382,227)

39. SEGMENT REPORTING *(CONTINUED)*

(a) Segment Revenues and Results *(continued)*

For the year ended 31 December 2019 *(continued)*

	Securities brokerage and assets management	Advancing business	Credit guarantee service and investment business	Trading of party products	Trading of metal and minerals	Unallocated	Total (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:							
Capital expenditure of property, plant and equipment	3	–	–	11	–	–	14
Depreciation on property, plant and equipment	3,058	3	–	203	18	2,065	5,347
Depreciation on right-of-use assets	113	–	–	–	–	10,970	11,083
Impairment loss on goodwill	3,000	–	–	–	–	–	3,000
Impairment loss on intangible assets	17,888	500	–	–	–	–	18,388
Impairment loss on right-of-use assets	378	–	–	–	–	1,534	1,912
Impairment loss on loan receivables	–	111,128	–	–	–	–	111,128
Impairment loss on trade receivables	2,748	11,525	–	–	–	–	14,273
Impairment loss on other receivables and deposits paid	69	1	–	–	11,197	6,423	17,690
Realised loss an disposal of trading securities	–	–	–	–	–	498	498
Unrealised (gain)/loss on fair value change in trading securities	(5)	–	–	–	–	72	67
Loss on written off of property, plant and equipment	578	6	–	62	18	748	1,412

39. SEGMENT REPORTING *(CONTINUED)*

(b) Segment Assets and Liabilities

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

- all assets are allocated to operating segments other than certain right-of-use assets, interest in an associate, certain trading securities, tax recoverable, certain prepayments, deposits and other receivables and cash and cash equivalents; and

- all liabilities are allocated to operating segments other than certain accruals and other payables, certain lease liabilities, amount due to a deconsolidated subsidiary, convertible bonds, other loan and tax payables.

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

As at 30 June 2021

	Securities brokerage and assets management HK$'000	Advancing business HK$'000	Credit guarantee service and investment business HK$'000	Trading of party products HK$'000	Trading of metal and minerals HK$'000	Trading of commodities HK$'000	Trading of security products and provision of security services HK$'000	Total HK$'000
ASSETS								
Segment assets	5,391	556	–	104,262	–	19,808	–	130,017
Bank balances and cash (included restricted cash)								249,541
Unallocated corporate assets								15,545
Consolidated total assets								395,103
LIABILITIES								
Segment liabilities	(11,719)	(640)	(15)	(54,979)	(2,112)	(1,086)	–	(70,551)
Other loan								(41,852)
Convertible bonds								(114,248)
Amount due to a deconsolidated subsidiary								(8,467)
Tax payables								(2,353)
Unallocated corporate liabilities								(8,150)
Consolidated total liabilities								(245,621)

39. SEGMENT REPORTING *(CONTINUED)*

(b) Segment Assets and Liabilities *(continued)*

As at 31 December 2019

	Securities brokerage and assets management HK$'000	Advancing business HK$'000	Credit guarantee service and investment business HK$'000	Trading of party products HK$'000	Trading of metal and minerals HK$'000	Trading of security products and provision of security services HK$'000	Total HK$'000
ASSETS							
Segment assets	19,755	104	–	11,075	567	87,098	118,599
Bank balances and cash (included restricted cash)							15,449
Interest in an associate							586
Tax recoverable							45
Unallocated corporate assets							16,343
Consolidated total assets							151,022
LIABILITIES							
Segment liabilities	11,523	152,088	20	3,460	2,118	13,449	182,658
Elimination of loan payables*	–	(151,453)	–	–	–	–	(151,453)
	11,523	635	20	3,460	2,118	13,449	31,205
Other loan							13,000
Convertible bonds							161,491
Amount due to a deconsolidated subsidiary							8,467
Tax payables							2,961
Unallocated corporate liabilities							35,216
Consolidated total liabilities							252,340

* The loan was made from a subsidiary of the Group to the Subsidiary under advancing business segment which was under negotiated terms. As at 31 December 2019, the carrying amount of the loan was HK$151,453,000.

39. SEGMENT REPORTING *(CONTINUED)*

(c) Geographic information

Revenue

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	For the eighteen months ended 30 June 2021	For the year ended 31 December 2019 (Restated)
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	**102,964**	21,781
Mainland China	**141,519**	19,253
Malaysia	**55,625**	–
Singapore	**12,669**	–
United States of America	**3,975**	–
Others	**–**	7
	316,752	41,041
Revenue from other sources		
Hong Kong	**22,684**	650
Mainland China	**–**	12,001
	22,684	12,651
Total	**339,436**	53,692

Specified non-current assets

The following table sets out information about the geographical location of the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill and interest in an associate ("Specified non-current assets"). The geographical location of the Specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; the location of the operation to which they are allocated, in the case of intangible assets, goodwill and interest in an associate.

39. SEGMENT REPORTING *(CONTINUED)*

(c) Geographic information *(continued)*

Specified non-current assets (continued)

	For the eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 HK$'000
Hong Kong	**17,984**	16,875
Mainland China	**–**	12,568
Total	**17,984**	29,443

(d) Revenue from major customer which individually accounts for 10% or more of the Group's revenue from continuing operations is as follows:

	For the eighteen months ended 30 June 2021 HK$'000	For the year ended 31 December 2019 (Restated) HK$'000
Revenue from customer attributable to trading of commodities business Company A*	**58,271**	–
Revenue from customer attributable to trading of party products business Company B*	**52,859**	–
Revenue from customer attributable to trading of party products business Company C*	**37,924**	–
Revenue from customer attributable to trading of party products business Company D#	**–**	11,960
Revenue from customer attributable to trading of party products business Company E#	**–**	8,173
Revenue from customer attributable to trading of party products business Company F#	**–**	7,292
Revenue from customer attributable to trading of party products business Company G#	**–**	6,421

* These three customers mentioned in above did not individually contribute 10% or more of total revenue of the Group during the year ended 31 December 2019.

These four customers mentioned in above did not individually contribute 10% or more of total revenue of the Group during the eighteen months ended 30 June 2021.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at 30 June 2021 HK$'000**	As at 31 December 2019 HK$'000
Non-current assets			
Property, plant and equipment		**1,459**	–
Right-of-use assets		**–**	–
Investment in subsidiaries		**12,474**	12,463
Amounts due from subsidiaries		**90,316**	1,702
		104,249	14,165
Current assets			
Prepayments, deposits and other receivables		**1,095**	12,083
Cash and cash equivalents		**160,302**	8
		161,397	12,091
Total Assets		**265,646**	26,256
Capital and reserves			
Share capital	27	**5,372**	938
Reserves	29	**138,363**	(150,516)
		143,735	(149,578)
Current liabilities			
Amounts due to subsidiaries		**994**	4,083
Accruals and other payables		**4,441**	10,260
Lease liabilities		**1,171**	–
Convertible bonds		**114,248**	108,601
		120,854	122,944
Non-current liabilities			
Lease liabilities		**1,057**	–
Convertible bonds		**–**	52,890
		1,057	52,890
Total Liabilities		**121,911**	175,834
Total Equity and Liabilities		**265,646**	26,256
Net current assets/(liabilities)		**40,543**	(110,853)
Total assets less current liabilities		**144,792**	(96,688)

41. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties during the year:

(a) At 30 June 2021 and at 31 December 2019, the Company had outstanding unsecured convertible bonds of principal amount of HK$100,000,000 held by the New Bondholder, Neo Tech Inc., whereas Dr. Ng Yu, (the chairman, executive director and the controlling party of the Company), is the beneficial owner. Details of the convertible bonds are set out in note 37(a).

(b) During the Reporting Period, the Group entered into agreements (the "Agreements") with Neo Tech Inc., pursuant to which the Group, by paying a premium, would be entitled to the profits (the "Relevant Profits"), if any, from the difference between the opening value and the closing value of the long position of certain investment funds as the underlying assets respectively specified in the Agreements as at the respective dates of expiry of the Agreements. Neo Tech Inc. and its sole beneficial owner, namely Dr. Ng Yu (who is also the chairman and executive Director of the Company), are the controlling party of the Company. The transactions contemplated under the Agreements (including the payment of the abovementioned premium) were of normal commercial terms and exempted connected transactions according to Chapter 14A of the Listing Rules. Upon expiry of the Agreements, the Relevant Profits in the total amount of HK$22,681,000 were recognised during the Reporting Period.

(c) During the Reporting Period, Dr. Ng Yu provided loans in total amount of HK$38,500,000 to the Company at annual interest rate of 2.5%, unsecured and repayable on demand. The relevant principal and interest, in the amount of approximately HK$877,000, were repaid in full on 27 January 2021.

(d) On 11 September 2020, the Company announced that, among other things, an agreement was entered into by the Company (as issuer) and Neo Tech Inc. (as subscriber) on 31 July 2020 in relation to a share subscription (the "Subscription"). It was further announced by the Company on 25 January 2021 that the Subscription was completed on that date, pursuant to which a total of 284,673,884 shares were issued and allotted by the Company to Neo Tech Inc. at the price of HK$0.71 per share. Details of the Subscription were set out in note 27(f).

41. RELATED PARTY TRANSACTIONS *(CONTINUED)*

(e) Compensation of key management of the Group:

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Salaries, allowance and other benefits	**9,402**	11,437
Contributions to defined contribution retirement plans	**111**	73
Discretionary bonus	**4,987**	150
Equity settled share-based payment	**–**	419
	14,500	12,079

Note: Further details of post-employment benefits and directors' and employees' emoluments are included in notes 10 and 11 to the consolidated financial statements. Total remuneration is included in staff costs (see Note 6).

42. COMMITMENTS

Capital Commitments

As at 30 June 2020, the Group did not have capital commitments contracted but not provided for in the consolidated financial statements.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial risk factors

The Group's major financial instruments include, cash and cash equivalents, client trust bank balance, trade receivables, deposits and other receivables, loan receivables, trading securities, contingent consideration receivables, trade payables, other payables, other loans, lease liabilities, convertible bonds and amount due to a deconsolidated subsidiary. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and equity price risk. The Group does not hold or issue derivative financial instruments either for hedging or trading purposes. The policies on how to mitigate these risks are set out as below.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Fair values of financial assets and liabilities:

Financial instruments not measured at fair value

At the end of the reporting period, the fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amount.

Financial instruments measured at fair value

Group's valuation process

The fair values of trading securities are measured with reference to quoted market prices.

The fair values of contingent consideration receivables are arrived at on the basis of a valuation carried out by independent firm of professional valuers with recognised qualifications and experience.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

Financial instruments measured at fair value (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30 June 2021 HK$'000	31 December 2019 HK$'000			
(1) Trading securities — Listed equity securities	**174**	114	Level 1	Quoted prices in active market	–
(2) Contingent consideration receivables	**–**	60,340	Level 3	Expected discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow into the Group arising from the contingent consideration, based on an appropriate discount rate.	– (31 December 2019: Discount rate ranged from 1.80% to 2.16%) *(Note a)*

Note a: An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the contingent consideration receivables, and vice versa. A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of the contingent consideration receivables by a range from HK$480,000 to HK$490,000.

During the period, there were no transfer of fair value measurements between Level 1, Level 2 and Level 3 (For the year ended 31 December 2019: Nil).

Reconciliation of balances of Level 3 fair value measurement of the contingent consideration receivables is as follows:

Contingent consideration receivables

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000
Balance at the beginning of the year	**60,340**	5,830
Changes in fair value recognised in profit or loss during the period	**–**	54,510
Termination of profit guarantee *(note 37(b))*	**(60,340)**	–
Balance at the end of the period	**–**	60,340

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk

Credit risk arises from the possibility that the counterparty to transaction is unwilling or unable to fulfill its obligation thereby incurring financial loss to the Group.

— Trade and other receivables

As at 30 June 2021, the maximum exposure to credit risk is represented by the carrying amount of trade and other receivables in the consolidated statement of financial position.

In respect of trade and other receivables, in order to minimise risk, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of customers' financial position and condition are performed on all customers periodically. In addition, credit evaluations are performed on all customers requiring credit over a certain amount. Trade receivables are usually due within 90 days from the date of billing. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collaterals from customers.

For trade receivables, the Group performs impairment assessment under ECL model individually. Net impairment loss of HK$5,649,000 (For the year ended 31 December 2019: HK$18,245,000) is recognised during the period. Details of the quantitative disclosure are set out below in this note.

For other receivables, the directors of the Group make periodic individual assessment on recoverability of deposits and other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The directors of the Group considered that there are increase in credit risk of certain other receivables and no significant increase in credit risk in certain other receivables. Therefore, the Group provided impairment based on both 12-month ECL and lifetime ECL. Net impairment loss of HK$6,328,000 (For the year ended 31 December 2019: Net impairment loss of HK$5,570,000) is recognised during the period. Details of the quantitative disclosure are set out below in this note.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At 30 June 2021, the Group has certain concentration of credit risk as approximately equals to 23.7% (31 December 2019: 20.7%) and 88.4% (31 December 2019: 64.4%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group also has certain concentration of credit risk as approximately equals to 15.8% (31 December 2019: 31.1%) and 53.4% (31 December 2019: 81.7%) of the total other receivables was due from the Group's largest other receivables and the five largest other receivables respectively.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

— Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with the financial institutions with established credit rating. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

— Loan receivables

As at 30 June 2021, the maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of loan receivables in the consolidated statement of financial position.

In respect of loan receivables, in order to minimise risk, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of customers' financial position and condition are performed on all customers periodically. In addition, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are usually due within one to two years from the date of loan agreement. Debtors with overdue balances, which will be reviewed on a case-by-case basis, are requested to settle all outstanding balances before any further credit is granted. The Group obtains collaterals from several customers. The collaterals are mainly personal guarantee and unlisted equity shares of some PRC companies.

The Group has made full impairment on loan receivables as at 31 December 2019 as the collectability of the loans was doubtful.

In respect of loan receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At 30 June 2021, the Group has certain concentration of credit risk as approximately 23.4% (31 December 2019: 23.4%) and 90.6% (31 December 2019: 90.6%) of the gross amount of loan receivables were due from the Group's largest debtor and the five largest debtors respectively.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

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

Internal credit rating	Description	Loan receivables	Trade receivables	Other receivables
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired

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

Financial assets at amortised costs	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 30 June 2021 HK$'000	 30 June 2021 HK$'000	 31 December 2019 HK$'000	 31 December 2019 HK$'000
Loan receivables	Loss	Lifetime ECL — credit-impaired	**122,555**	**122,555**	122,555	122,555
Trade receivables	Low risk	Lifetime ECL — not credit-impaired	**110,216**		22,626	
	Loss	Lifetime ECL — credit-impaired	**15,315**	**125,351**	15,135	37,761
Other receivables	Low risk	12-month ECL	**889**		11,459	
	Doubtful	Lifetime ECL — not credit-impaired	**1,059**		9,754	
	Loss	Lifetime ECL — credit-impaired	**30,035**	**31,983**	24,857	46,070

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(1) The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2019	–	2,017	2,017
Reversal of impairment	–	(495)	(495)
Impairment loss for the year	3,972	14,768	18,740
Deconsolidation of subsidiaries	–	(1,155)	(1,155)
As at 31 December 2019 and 1 January 2020	**3,972**	**15,135**	**19,107**
Transfer to credit-impaired	**(3,972)**	**3,972**	**–**
Impairment loss for the period	**1,218**	**4,431**	**5,649**
Disposal of subsidiaries	**–**	**(8,403)**	**(8,403)**
As at 30 June 2021	**1,218**	**15,135**	**16,353**

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(1) *(continued)*

Net impairment losses on trade receivables for the year represented by:

	Eighteen months ended 30 June 2021 HK$'000	Year ended 31 December 2019 HK$'000
Securities brokerage and assets management	**–**	2,748
Advancing business	**21**	11,525
Trading of commodities	**1,218**	–
Trading of security products and provision of security services	**4,410**	3,972
Total	**5,649**	18,245

The following table provides information about the exposure to credit risk for trade receivables:

	As at 30 June 2021 Gross carrying mount of trade receivables HK$'000	As at 31 December 2019 Gross carrying amount of trade receivables HK$'000
Current (not past due)	**78,448**	4,927
1–30 days past due	**25,848**	3,267
31–60 days past due	**–**	4,208
61–90 days past due	**–**	2,971
More than 90 days past due	**4,702**	1,313
	108,998	16,686

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(1) *(continued)*

Changes in the loss allowance for trade receivables are mainly due to:

	As at 30 June 2021		As at 31 December 2019	
	Increase/(decrease) in lifetime ECL			
	Not credit-impaired HK$'000	**Credit-impaired HK$'000**	Not credit-impaired HK$'000	Credit-impaired HK$'000
One trade debtor (31 December 2019: Five trade debtors) from the advancing business defaulted as at 30 June 2021	**–**	**21**	–	12,020
One trade debtor from trading of commodities business with a gross carrying amount of HK$5,858,000 increased credit risk as at 30 June 2021	**1,218**	**–**	–	–
One trade debtor from provision of security services business with a gross carrying amount of HK$10,462,000 increased credit risk as at 30 June 2021 (31 December 2019: HK$5,940,000)	**–**	**4,410**	3,972	–
One trade debtor from securities brokerage business default as at 31 December 2019	**–**	**–**	–	2,748
One trade debtor from advancing business which defaulted in previous year was recovered during the year ended 31 December 2019	**–**	**–**	–	(495)
Disposal of subsidiaries	**–**	**(8,403)**	–	–
Deconsolidation of subsidiaries	**–**	**–**	–	(1,155)
	1,218	**(3,972)**	3,972	13,118

As at 30 June 2021, the total impairment loss of approximately HK$16,353,000 (31 December 2019: HK$19,107,000) represented impairment loss on overdue interest receivables of HK$12,387,000 (31 December 2019: HK$12,387,000) from advancing business, impairment loss on overdue account receivables of HK$2,748,000 (31 December 2019: HK$2,748,000) from securities brokerage and assets management business, and impairment loss on overdue balance of HK$1,218,00 from commodities business respectively. At 31 December 2019, there was impairment loss on overdue balance of HK$3,972,000 from sales of security products business.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(2) The following tables show reconciliation of loss allowances that has been recognised for loan receivables.

	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2019	2,129	2,280	11,427	15,836
Impairment loss for the year	–	–	111,128	111,128
Deconsolidation of subsidiaries	(2,129)	(2,280)	–	(4,409)
As at 31 December 2019, 1 January 2020 and 30 June 2021	**–**	**–**	**122,555**	**122,555**

Changes in the loss allowance for loan receivables are mainly due to:

	Year ended 31 December 2019 Increase/(decrease) in		
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)
	HK$'000	HK$'000	HK$'000
Loan receivables which were default payment and the collectability of the loans was doubtful	–	–	111,128
Deconsolidation of subsidiaries	–	(4,409)	–
	–	(4,409)	111,128

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(3) The following tables show reconciliation of loss allowances that has been recognised for other receivables.

	12-month ECL HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2019	5,687	–	36,732	42,419
Transfer of credit risk	(3,518)	201	3,317	–
Impairment loss for the year	128	179	5,910	6,217
Reversal of impairment loss	(505)	(142)	–	(647)
Disposal of subsidiaries	(212)	–	(4,624)	(4,836)
Deconsolidation of subsidiaries	(1,451)	–	(15,195)	(16,646)
Written off	–	–	(1,283)	(1,283)
Exchange adjustment	(2)	(2)	–	(4)
As at 31 December 2019 and 1 January 2020	**127**	**236**	**24,857**	**25,220**
Impairment loss for the period	**449**	**568**	**5,311**	**6,328**
Disposal of subsidiaries	**(67)**	**(66)**	**(130)**	**(263)**
Written off	**(1)**	**(160)**	**(3)**	**(164)**
Exchange adjustment	**27**	**1**	**–**	**28**
As at 30 June 2021	**535**	**579**	**30,035**	**31,149**

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(3) *(continued)*

Changes in the loss allowance for other receivables are mainly due to:

	Eighteen months ended 30 June 2021 Increase/(decrease) in		
	12-month ECL HK$'000	**Lifetime ECL (not credit-impaired) HK$'000**	**Lifetime ECL (credit-impaired) HK$'000**
Disposal of subsidiaries	**(67)**	**(66)**	**(130)**
One debtor under other receivables were default	**–**	**–**	**5,181**

	Year ended 31 December 2019 Increase/(decrease) in		
	12-month ECL HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000
Deconsolidation of subsidiaries	(1,451)	–	(15,195)
Disposal of subsidiaries	(212)	–	(4,624)
Two debtors under other receivables were default	–	–	5,907

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(i) Credit risk *(continued)*

(3) *(continued)*

Other receivables of HK$Nil (31 December 2019: HK$647,000) were reversed during the year due to improved credit rating. As a result, a reversal of impairment loss has been recognised in profit or loss.

(ii) Liquidity risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due.

The Group is responsible for its own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demand, subject to board approval. 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 amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Sources of liquidity are daily reviewed by the Group to ensure the availability of sufficient liquid funds to meet all obligation. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows in strict compliance with statutory requirements.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(ii) Liquidity risk *(continued)*

The following liquidity risk tables set out the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group is required to pay.

	Eighteen months ended 30 June 2021					
	Within 1 year or on demand HK$'000	**More than 1 year but less than 2 years HK$'000**	**More than 2 years but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Total carrying amount HK$'000**
Trade payables	**53,436**	**–**	**–**	**–**	**53,436**	**53,436**
Accruals and other payables	**21,978**	**–**	**–**	**–**	**21,978**	**21,978**
Convertible bonds	**114,248**	**–**	**–**	**–**	**114,248**	**114,248**
Other loans	**41,852**	**–**	**–**	**–**	**41,852**	**41,852**
Amount due to a deconsolidated subsidiary	**8,467**	**–**	**–**	**–**	**8,467**	**8,467**
Lease liabilities	**2,079**	**1,480**	**–**	**–**	**3,559**	**3,287**
	242,060	**1,480**	**–**	**–**	**243,540**	**243,268**

	Year ended 31 December 2019					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Trade payables	7,764	–	–	–	7,764	7,764
Accruals and other payables	43,304	–	–	–	43,304	43,304
Convertible bonds	105,000	70,000	–	–	175,000	161,491
Other loan	13,000	–	–	–	13,000	13,000
Amount due to a deconsolidated subsidiary	8,467	–	–	–	8,467	8,467
Lease liabilities	5,998	–	–	–	5,998	5,976
	183,533	70,000	–	–	253,533	240,002

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(iii) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, client trust bank balances, loan receivables, other loans and convertible bonds. Bank balances expose the Group to cash flow interest rate risk; while loan receivables, other loans and convertible bonds issued at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to fair value and cash flow interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging the interest rate should the need arises.

(1) Interest rate profile

The effective interest rate of convertible bonds is disclosed in note 37. The interest rates of loan receivables and other loans are disclosed in notes 22 and 35 respectively.

(2) Sensitivity analysis

At 30 June 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated losses by approximately HK$2,495,000 (For the year ended 31 December 2019: HK$154,000). Other components of consolidated equity would not be affected (For the year ended 31 December 2019: Nil) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the year ended 31 December 2019.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(iv) Currency risk

The Group is exposed to currency risk primarily through ordinary business operations which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("US$") and Renminbi ("RMB").

(1) Exposure to currency risk

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

	As at 30 June 2021	
	US$	**RMB**
	HK$'000	**HK$'000**
Cash and cash equivalents	**188,846**	**7**
Trade and other receivables	**104,246**	**–**
Trade and other payables	**(49,943)**	**(42)**
Overall exposure arising from recognised assets and liabilities	**243,149**	**(35)**

	As at 31 December 2019	
	US$	RMB
	HK$'000	HK$'000
Cash and cash equivalents	348	6
Trade and other receivables	4,431	–
Trade and other payables	(91)	(937)
Overall exposure arising from recognised assets and liabilities	4,688	(931)

Management closely monitors currency risk position to ensure that the net exposure is kept at an acceptable level.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(iv) Currency risk *(continued)*

(2) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies.

	Eighteen months ended 30 June 2021		Year ended 31 December 2019	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**(1)**	5%	(39)
	(5%)	**1**	(5%)	39

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended 31 December 2019.

(v) Equity price risk

Equity price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting equity instruments traded in the market.

The Group is exposed to price risk arising from individual equity investment classified as trading securities. The directors of the Company manage the exposure by closely monitoring the portfolio of investments.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(CONTINUED)*

(a) Financial risk factors *(continued)*

(v) Equity price risk *(continued)*

The management estimates that reasonable possible change in price is 10%. If the prices of the respective equity instruments had been 10% higher/lower, and held other variables constant, the impacts to the loss for the year and accumulated losses are as follows:

	Eighteen months ended 30 June 2021 HK$'000	Year ended 31 December 2019 HK$'000
Loss for the year and accumulated losses		
Decrease by 10%	**(17)**	(11)
Increase by 10%	**17**	11

(b) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives or policies during the year.

The Group monitors capital on the basis of the debt-to-equity ratio. Net debt is calculated as convertible bond and other loans less cash and cash equivalents. Total equity represents equity attributable to the shareholders of the Company.

No debt-to-equity ratio is presented because there was negative net debt (i.e. cash and cash equivalents were higher than debts) as at 30 June 2021 (31 December 2019: N/A because there was deficit in equity attributable to the shareholders of the Company).

The capital structure of the Group consists of liquid capital of two licensed corporations were below its required capital as required by the Securities and Futures (Financial Resources) Rules by approximately HK$100,000 and HK$3,000,000 respectively.

During the year ended 31 December 2019, the liquid capital of the licensed corporations and their required capital as required by the Securities and Futures (Financial Resources) Rules were approximately HK$52,000 to approximately HK$4,309,000 during the period from 31 July 2019 to 31 December 2019. The licensed corporations had notified Securities and Futures Commission of the aforesaid breaches on 31 July 2019 and 31 January 2020 respectively.

In April 2020 and June 2021, the licensed corporations have injected additional fund of approximately HK$1,000,000 and HK$15,000,000 and the liquid capital of the licensed corporations of are not less than required liquid capital respectively.

As at the end of the reporting period, the licensed corporations have fulfilled the required capital as required by the Securities and Futures (Financial Resources) Rules.

44. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

In the process of applying the Group's accounting policies which are described in note 2, management has made certain key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year, as discussed below.

(i) Impairment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, or in the case of goodwill and intangible assets with indefinite useful lives, the recoverable amount of the asset is determined annually. Calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the directors take into consideration assumptions that are mainly based on market condition existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(ii) ECLs on trade and other receivables and loans receivables

The measurement of loss allowance under HKFRS 9 across all categories of financial assets require judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining loss allowance and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The provision of ECLs is sensitive to changes in circumstances and of forecast general economic conditions. If the financial condition of the customers or the forecast economic conditions were to deteriorate, actual loss allowance would be higher than estimated.

The following is the critical judgement, apart from those involving estimation, that the Board has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Principal versus agent consideration (agent)

The Group is considered as an agent for one of its contracts with a customer relating to trading of party product as the Group did not act as the principal for trading of party product to the customer taking into consideration indicator such as the Group does not control specified good or service provided by another party before that good or service is transferred to the customer. When the Group act as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchanging for arranging for the specified goods or services to be provided by the other party.

During the eighteen months ended 30 June 2021, the Group recognised revenue relating to trading of party product, which was considered as an agent, amounted to approximately RMB1,830,000 (equivalent to approximately HK$2,086,000).

45. EVENTS AFTER THE REPORTING PERIOD

Except the notes 2(e), 18 and 22(c) in the consolidated financial statements, no other significant events were occurred subsequent to the end of the reporting period and up to the date of this report.

46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the during the eighteen months ended 30 June 2021, the Group entered into several new lease agreements for the purpose of offices, director's quarter and directors' meeting for two years. On the lease commencement, the Group recognised both right-of-use assets and lease liabilities of HK$3,790,000 and HK$3,790,000 (For the year ended 31 December 2019: Nil) respectively.

There was no material non-cash transaction during the year ended 31 December 2019.

(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.

	Lease liabilities	Other loans	Accruals and other payables	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2020	5,976	13,000	2,185	161,491	182,652
Changes from financing cash flows:					
Proceeds from other loan	–	33,852	–	–	33,852
Interest paid	–	–	(908)	–	(908)
Capital element of lease payments	(6,479)	–	–	–	(6,479)
Interest element of lease payments	(111)	–	–	–	(111)
Total changes from financing cash flows	(6,590)	33,852	(908)	–	26,354
Other changes:					
Addition of lease liabilities	3,790	–	–	–	3,790
Imputed interest	111	–	4,168	10,079	14,358
Cancellation of convertible bond	–	–	–	(49,693)	(49,693)
Cancellation of convertible bond upon disposal of a subsidiary	–	–	–	(7,629)	(7,629)
Disposal of subsidiaries	–	(5,000)	(1,199)	–	(6,199)
	3,901	(5,000)	2,969	(47,243)	(45,373)
At 30 June 2021	3,287	41,852	4,246	114,248	163,633

46. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(CONTINUED)*

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

	Lease liabilities	Other loans	Accruals and other payables	Convertible bonds	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019	10,739	13,000	187	144,695	168,621
Changes from financing cash flows:					
Capital element of lease liabilities	(5,589)	–	–	–	(5,589)
Interest element of lease liabilities	(325)	–	–	–	(325)
Advances from other payables	–	–	1,199	–	1,199
Consideration paid for CB restructure	–	–	–	(443)	(443)
Total changes from financing cash flows	(5,914)	–	1,199	(443)	(5,158)
Other changes:					
Addition of lease liabilities	4,727	–	–	–	4,727
Imputed interest	762	–	799	14,000	15,561
Loss on convertible bonds restructure	–	–	–	3,239	3,239
Disposal of subsidiaries	(4,338)	–	–	–	(4,338)
	1,151	–	799	17,239	19,189
At 31 December 2019	5,976	13,000	2,185	161,491	182,652

FINANCIAL SUMMARY

The financial results and the assets and liabilities of the Group for the last five years are summarised as follows:

Results	**Eighteen months ended 30 June 2021 HK$'000**	Year ended 31 December 2019 HK$'000 (Restated)	Year ended 31 December 2018 HK$'000	Year ended 31 December 2017 HK$'000	Year ended 31 December 2016 HK$'000
Revenue	**339,436**	53,692	66,933	176,728	122,128
Loss before tax	**(60,894)**	(382,217)	(102,899)	(141,133)	(113,095)
Income tax credit/(expenses)	**(2,355)**	(10)	(432)	(1,827)	–
Loss for the period/year from continuing operation	**(63,249)**	(382,227)	(103,331)	(142,960)	(113,095)
Discontinued operation					
Loss for the period/year from discontinued operation	**(4,548)**	(1,171)	–	–	–
Loss for the period/year	**(67,797)**	(383,398)	(103,331)	(142,960)	(113,095)
Attributable to:					
Equity shareholders of the Company					
— Continuing operations	**(63,238)**	(377,578)	(103,031)	(141,274)	(113,355)
— Discontinued operation	**(4,548)**	(2,798)	–	–	–
	(67,786)	(380,376)	(103,031)	(141,274)	(113,355)
Non-controlling interests					
— Continuing operations	**(11)**	(4,649)	(300)	(1,686)	260
— Discontinued operation	**–**	1,627	–	–	–
	(11)	(3,022)	(300)	(1,686)	260
	(67,797)	(383,398)	(103,331)	(142,960)	(113,095)

	As at 30 June 2021 HK$'000	As at 31 December 2019 HK$'000	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000	As at 31 December 2016 HK$'000
Assets and liabilities					
Total assets	**395,103**	151,022	522,279	525,575	625,075
Total liabilities	**(245,621)**	(252,340)	(229,661)	(167,841)	(142,103)
Total equity	**149,482**	(101,318)	292,618	357,734	482,972