財訊傳媒集團有限公司

SEEC MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

（stock code：205）

2020

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Li Leong
Mr. Li Xi
Mr. Li Zhen
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent Non-Executive Directors:
Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

JOINT COMPANY SECRETARIES

Mr. Chung Cheuk Man
Mr. Tseung Sheung Shun

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1408, 14/F.,
Wing On Kowloon Centre,
345 Nathan Road,
Kowloon

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China Merchants Bank Co., Ltd.

AUDITOR

Elite Partners CPA Limited
10/F.,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

SHARE REGISTRARS AND TRANSFER OFFICE

Principal Share Registrar and Transfer Office
Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITES

www.irasia.com/listco/hk/seecmedia/index.htm
www.seec-media.com.hk

STOCK CODE

205

DIRECTOR'S STATEMENT

On behalf of the board of directors (the "Board") of SEEC Media Group Limited (the "Company"), I am pleased to present to you the annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020.

BUSINESS REVIEW

Advertising and Sales of Books and Magazines

Revenue derived from the business of advertising and sales of books and magazines was continuous to be one of the major sources of income to the Group. However, due to the negative impact on global economy caused by the trade war between the US and China and the rapid development of the internet economy in China over the past few years, the Group's print media advertising business faced difficult and challenging business environment in the year 2020. The operational scale of the print media advertising business of the Group in China was dampened due to the adverse impact of COVID-19 pandemic and the gradual expiry of all its exclusive advertising contracts with various magazines owners or operators over the past few years. As a result, the Group's revenue derived from the print media business, were adversely affected.

In light of the above, the Group had proactively developed digital media marketing services and multi-channel network (MCN) business. The revenue derived from the provision of advertising services for the current year was approximately HK$42.4 million, representing approximately 52.9% of the total revenue. Approximately HK$11.2 million of the advertising services revenue was contributed by the digital marketing services and MCN business.

Securities Broking

The Group was granted by the Securities and Futures Commission a license to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**"). By carrying out the securities broking business, the Group is able to be benefited from diversifying its business portfolio.

The Group provides brokerage services for clients in respect of securities listed on the Stock Exchange of Hong Kong Limited. Since the commencement of the securities broking business, the Group endeavored to provide brokerage services for the clients, as well as participate in equity fund raising transactions for Hong Kong listed companies, including placing, underwriting and initial public offering. For the year ended 31 December 2020, the commission and brokerage income and the interest income derived from the securities broking business amounted to approximately HK$12.9 million in total, representing approximately 16.1% of the total revenue of the Group.

Money Lending

In order to strengthen the flexibility of the Group so that it is able to react to the changing market situation promptly, the Group also provides diversified financial services to its clients through developing money lending services. It is believed that the money lending business will be able to leverage the existing financial business of the Group and broaden the Group's income stream. The Group carries on the money lending business through an indirect non-wholly owned subsidiary of the Company, which is a licensed money lender under the Money Lenders Ordinance (Chapter 163, Laws of Hong Kong). For the year ended 31 December 2020, the interest income from loan receivables arising from the money lending business amounted to approximately HK$15.7 million, representing approximately 19.5% of the total revenue of the Group.

E-commerce

Since 2016, the Group started engaging in the provision of services and sales of goods in relation to e-commerce platforms. For the year ended 31 December 2020, the revenue contributed by the provision of e-commerce platform services and sales of related goods was approximately HK$9.2 million, representing approximately 11.5% of the total revenue of the Group.

OUTLOOK AND PROSPECT

The relevant policies and arrangements under the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area make Hong Kong more competitive in attracting foreign investments. Nevertheless, investors' negative sentiment and concerns over the economic outlook caused by the China-US trade war had made the global stock market even more volatile. Following the presidential transition of the U.S. in January 2021, the market is still concerning the uncertainties on whether the two countries can work out an agreement to settle the trade conflicts. Moreover, the unstable political environment in Hong Kong in 2019 and the outbreak and spread of the Coronavirus Disease 2019 ("COVID-19") in early 2020 caused shrinkage to the economic activities and the business environment. These may lead to uncertainties and potential risks to the business operation of the Group in the future.

Looking forward, it is expected that the equity fund raising market and the financial activities in Hong Kong will remain stable in long-term. The Group will continue its effort to strengthen its own financial business. The Group will also actively develop its advertising business, especially the digital media marketing and the MCN business which the Board considers that the market is growing rapidly in recent years. Yet, the Group will closely monitor the performance, development and potential business risks of the financial business and identify the most suitable diversification of the Group's portfolio of businesses.

The Group will maintain its cautiously optimistic outlook and explore other suitable investment opportunities which are able to bring satisfactory and sustainable returns to the Group and maximize the shareholders' value.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude to our shareholders, business partners and customers for their support. In addition, I would like to take this opportunity to thank all our staff members for their continuous and valuable contribution to the Group during the year. We are committed to drive for long-term growth and reward for our shareholders.

Li Leong
Executive Director

Hong Kong, 31 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2020, the aggregated revenue of the Group deriving from the provision of advertising services and sales of books and magazines was approximately HK$42.4 million, which was relatively stable as compared with that of approximately HK$42.7 million for the year ended 31 December 2019.

For the year ended 31 December 2020, the revenue of the Group deriving from the securities broking business, the e-commerce business and the money lending business were approximately HK$12.9 million (2019: approximately HK$13.4 million), approximately HK$9.2 million (2019: approximately HK$16.1 million) and approximately HK$15.7 million (2019: approximately HK$15.0 million) respectively. The securities broking business was commenced during the first half of the year 2016 while both of the e-commerce business and the money lending business were commenced during the second half of the year 2016.

The overall gross profit margin of the Group for the year ended 31 December 2020 was approximately 70.1%, which was higher than that for the year ended 31 December 2019 of approximately 58.2%. The higher gross profit margin in current year was attributable to the increase in proportion of revenue contributed by the business segments with high gross profit margin.

The Group held certain held-for-trading investments comprising of equity securities listed in Hong Kong. For the year ended 31 December 2020, there were fair value gains on held-for-trading investments of approximately HK$9.6 million (2019: fair value losses of approximately HK$9.0 million).

The selling and distribution costs for the year ended 31 December 2020 was approximately HK$11.8 million, decreased by approximately 35.0% from approximately HK$18.1 million for the year 2019. The decrease was conform with the decrease in revenue.

The administrative expenses decreased by approximately 45.0% from approximately HK$70.7 million for the year 2019 to approximately HK$38.9 million for the year 2020.

For the year ended 31 December 2020, a share of loss from Mondadori-SEEC (Beijing) Advertising Co. Ltd., a joint venture of the Group, of approximately HK$8.9 million (2019: share of loss of approximately HK$14.0 million) was recognised. For the year ended 31 December 2020, provision of impairment loss on interest in a joint venture of approximately HK$3.9 million was recognised.

For the year ended 31 December 2020, a share of loss from Asia-Pac Financial Investment Company Limited ("**Asia-Pac**"), an associate of the Group, of approximately HK$7.5 million (2019: share of loss of approximately HK$10.3 million) was recognised. Asia-Pac is a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (stock code: 8193) in which the principal businesses of its subsidiaries were provision of asset advisory services and asset appraisal, corporate services and consultancy, media advertising and financial services. For the year ended 31 December 2020, provision of impairment loss on interest in an associate of approximately HK$26.9 million was recognised.

The loss for the year ended 31 December 2020 attributable to owners of the Company amounted to approximately HK$137.8 million (2019: loss of approximately HK$95.3 million), representing an increase of approximately 44.6%. The increase was mainly ***due to (***i) the increase in impairment loss on financial assets from approximately HK$22.6 million in 2019 to approximately HK$61.7 million in 2020; (ii) the provision of impairment loss on interest in an associate of approximately HK$26.9 million in the year 2020; and (iii) the impairment loss on other intangible assets and right-of-use assets of approximately HK$15.4 million and approximately HK$14.1 million in the year 2020. These effects were partially offset by the increase in gross profit in the year 2020.

To preserve financial resources for future operation of the Group, the Board did not recommend the payment of a dividend for the year 2020 (2019: nil).

USE OF PROCEEDS

Open Offer

On 9 September 2015, the Company proposed to raise gross proceeds of up to approximately HK$531.13 million, before expenses, by way of an open offer of 5,311,287,930 ordinary shares of HK$0.10 each to the qualifying shareholders at a subscription price of HK$0.10 per offer share, on the basis of five offer shares for every one existing shares held on the record date (the "Open Offer"). On 29 December 2015, 5,311,287,930 offer shares were allotted and issued pursuant to the Open Offer. The net proceeds for the Open Offer were approximately HK$518.27 million.

For the details of the Open Offer, please refer to the announcements of the Company dated 19 August 2015, 9 September 2015, 23 November 2015 and 28 December 2015, the circular of the Company dated 4 November 2015 and the prospectus of the Company dated 4 December 2015.

On 22 June 2016, 8 July 2016 and 11 September 2020, the Company announced that the use of unutilised net proceeds had been changed.

The information on the use of proceeds from the Open Offer is tabled as follows:

	Intended use of proceeds HK$'000	Actual use of net proceeds as at 31 December 2019 HK$'000	Actual use of net proceeds during the year ended 31 December 2020 HK$'000	Actual use of net proceeds as at 31 December 2020 HK$'000	Unutilised balance of the net proceeds HK$'000	Expected timeline for fully utilising the remaining proceeds
Set-up and operation of the Type 1 Company	275,000	265,000	10,000	275,000	–	–
Set-up and operation of companies licensed under the SFO to conduct Type 4, Type 6 and Type 9 regulated activities under the SFO	10,000	–	–	–	10,000	30 June 2021
Acquisition of companies engaged in the development and operation of e-commerce platform	124,000	123,180	820	124,000	–	–
Operation and development of money lending business	110,000	100,000	10,000	110,000	–	–
	519,000	488,180	20,820	509,000	10,000	

The Board expected that the unutilised balance will be used as intended.

Placing

On 22 June 2020, the Company conditionally agreed to place up to 63,730,000 ordinary shares at the placing price of HK$0.11 per placing shares to not less than six places (the "Placing"). The Placing was completed on 15 July 2020 and a total of 63,730,000 ordinary shares had been successfully placed to the placees. The net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing amounted to approximately HK$6.84 million. The Company intended to use such net proceeds for the general working capital of the Group and improve the cash position of the Group. As at the date of this report, the net proceeds were fully utilized as intended.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2020, the Group had not made any material acquisition and disposal of subsidiaries.

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group had held-for-trading investments, representing equity securities listed in Hong Kong, of approximately HK$36.1 million (2019: approximately HK$17.3 million). The Board considers that investments with market value accounting for more than 5% of the Group's total assets as 31 December 2020 as significant investments.

Details of the top one held-for-trading investment, in terms of market value as at 31 December 2020, are as follows:

	As at 31 December 2020				For the year ended 31 December 2020	
Company name	Number of shares held	Proportion to the total issued share capital for the stocks	Market value HK$'000	Proportion to the total assets of the Group	Unrealised fair value gain on the investments HK$'000	Dividends received HK$'000
China e-Wallet Payment Group Limited ("CEPG")	74,000,000	2.70%	8,806	1.77%	444	–

CEPG is principally engaged in the provision of biometric and Radio Frequency Identification products and solution services, internet and mobile application and related services.

For the year ended 31 December 2020, the Group recognised fair value gains on held-for-trading investments of approximately HK$9.6 million (2019: fair value losses of approximately HK$9.0 million).

Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall economic environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's daily operating activities were mainly financed by internal resources. As at 31 December 2020, the Group's total equity was approximately HK$273.4 million (2019: approximately HK$403.0 million). The decrease was mainly attributable to the loss for the current year of approximately HK$143.4 million.

The Group had non-current liabilities of approximately HK$10.0 million as at 31 December 2020 (2019: approximately HK$4.0 million). The non-current liabilities as at 31 December 2020 consisted of lease liabilities. As at 31 December 2020, the Group's gearing ratio was approximately 45.6%, representing a percentage of total liabilities over total assets (2019: approximately 37.4%).

As at 31 December 2020, the Group had borrowings of approximately HK$25.5 million (2019: approximately HK$23.5 million). The borrowings carried a fixed interest rate of 8% per annum and was repayable on demand (2019: fixed interest rate of 8% per annum; repayable on demand).

As at 31 December 2020, the Group had bank and cash balances (other than those in trust and segregated accounts) amounted to approximately HK$57.3 million (2019: approximately HK$73.4 million).

CHARGES ON ASSETS

As at 31 December 2020, the Group had pledged held-for-trading investments of approximately HK$17.2 million (2019: approximately HK$16.9 million) to secure the margin payables of approximately HK$25.5 million (2019: approximately HK$23.5 million), which was included in the borrowings of the Group.

COMMITMENTS

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

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars or Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. As at 31 December 2020, the Group has a fixed interest rate borrowing amounting approximately HK$25.5 million (2019: approximately HK$23.5 million) from a regulated securities broker and had not engaged in any financial instruments for hedging or speculative activities.

EMPLOYEES

As at 31 December 2020, the Group had 88 (2019: 148) employees in Hong Kong and the PRC. Salaries, bonuses and benefits were decided in accordance with market conditions and performance of the respective employees.

SHARE OPTION SCHEMES

The Company operates a share option scheme (the "Old Share Option Scheme") which was adopted on 26 August 2002. On 11 May 2012, the Company adopted a new share option scheme (the "Share Option Scheme"), of which all terms and conditions are the same as the Old Share Option Scheme.

On 27 July 2017, 637,200,000 share options to subscribe for up to a total of 637,200,000 ordinary shares of HK$0.10 each were granted to eligible participants under the Share Option Scheme. On 17 April 2019, 637,200,000 share options to subscribe for up to a total of 637,200,000 ordinary shares of HK$0.10 each were granted to eligible participants under the Share Option Scheme. During the years ended 31 December 2019, no share options under the Share Option Scheme were exercised or forfeited. In February 2020, all the share options granted on 27 July 2017 were forfeited.

With effect from 4 May 2020, every twenty (20) issued and unissued existing shares of par value of HK$0.10 each in the share capital of the Company was consolidated into one (1) consolidated share of par value of HK$2.00 each. Accordingly, the outstanding share options for subscription of 637,200,000 shares at the exercise price of HK$0.10 each were adjusted to share options for subscription of 31,860,000 shares at the exercise price of HK$2.00 each.

On 20 May 2020, 31,800,000 share options to subscribe for up to a total of 31,800,000 ordinary shares of HK$0.01 each were granted to eligible participants under the Share Option Scheme.

The number of shares issuable under share options granted under the Share Option Scheme was 63,660,000, representing approximately 16.6% of the Company's issued shares of 382,407,275 shares as at the date of this announcement published on 31 March 2021.

At the date of the Company's 2019 annual report issued on 15 May 2020, the number of shares issuable under share options granted under the Share Option Scheme was approximately 31,860,000, representing approximately 10.0% of the Company's issued shares of 318,677,275 shares at the time being.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining sound corporate governance and believes that good corporate governance principles and practices will bring trust and faith of the Company's stakeholders.

During the year under review, the Company has complied with all relevant code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviations stated below:

(1) Code Provision A.1.3 and A.7.1

Code A.1.3 and A.7.1 stipulate that 14-day notice should be given for each regular board meeting and that in respect of regular meetings, and so far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all directors in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or such other period as agreed).

The Company agrees that sufficient time should be given to the directors in order to make a proper decision. In these respects, the Company adopts a more flexible approach (and yet sufficient time has been given) in convening board meetings to ensure efficient and prompt management decisions could be made.

(2) Code Provision A.2 and E.1.2

The Board currently has not appointed any Directors as its Chairman. The Board will review the present situation in the coming regular meetings as appropriate.

(3) Code Provision A.4.1

Code A.4.1 stipulates that non-executive Directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive Directors are the same as for all Directors (i.e. not appointed for a specific term but only subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Company's Bye-laws). At each annual general meeting, 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, provided that every Director shall be subject to retirement by rotation at least once every three years.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on exactly the terms and the required standard contained in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code").

Having made specific enquiries by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2020.

BOARD OF DIRECTORS

The Board collectively oversees the management of the business and affairs of the Group with the overriding objective of enhancing share value. The Board has delegated the day-to-day management power of the Group to the executive Directors and senior management of the Company. The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions, financial information, appointment of Directors, and other significant financial and operational matters.

The Board currently comprises five executive Directors who are Mr. Li Leong, Mr. Li Xi, Mr. Li Zhen, Mr. Zhang Zhifang and Mr. Zhou Hongtao, and three independent non-executive Directors who are Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to the Listing Rules and the Company considers the independent non-executive Directors to be fully independent.

There is no financial, business, family, or other material/relevant relationship between the Directors. The Company considers that the Board has the necessary skills and experience appropriate for discharging their duties as Directors in the best interest of the Company and that the current size of the Board to be adequate for its present operations. Nevertheless, the Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. Board diversity policy ("Board diversity policy") was introduced to set out the approach to diversity on the Board of directors of the Company.

The Board held full board meetings at approximately quarterly intervals. The attendances of the quarterly full board meetings for the year ended 31 December 2020 are as follows:

Directors	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Li Leong	4/4
Mr. Li Xi	3/4
Mr. Li Zhen	4/4
Mr. Zhang Zhifang	0/4
Mr. Zhou Hongtao	2/4
Mr. Law Chi Hung	4/4
Mr. Leung Tat Yin	4/4
Mr. Wong Ching Cheung	4/4

All directors (executive Directors, namely Mr. Li Leong, Mr. Li Xi, Mr. Li Zhen, Mr. Zhang Zhifang and Mr. Zhou Hongtao; and independent non-executive Directors, namely Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung) have participated in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board has not appointed any Director as its chairman.

NON-EXECUTIVE DIRECTORS

The term of office of each non-executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

BOARD COMMITTEES

Audit Committee

As at 31 December 2020, the Audit Committee comprises three independent non-executive Directors with Mr. Law Chi Hung as committee chairman, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as committee members.

The Audit Committee is responsible for the appointment of external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, review of risk management and internal control systems, the effectiveness of the internal audit function of the Group. It is also responsible for reviewing the interim and financial results of the Group.

The Audit Committee held three meetings during the year under review. Details of the attendance of the Audit Committee meeting are as follows:

Members	**Attendance**
(number of meetings attended/number of meetings held during respective director's tenure)	
Mr. Law Chi Hung	3/3
Mr. Leung Tat Yin	3/3
Mr. Wong Ching Cheung	3/3

The Group's interim results for the six months ended 30 June 2020 and annual audited results for the year ended 31 December 2019 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

Remuneration Committee

As at 31 December 2020, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. Law Chi Hung being the chairman of the committee, Mr. Leung Tat Yin and Mr. Wong Ching Cheung as committee members.

The principal responsibilities of the Remuneration Committee include reviewing, considering and approving proposals as well as making recommendations to the Board on the Company's policy and structure relating to the remuneration of Directors and senior management. The Remuneration Committee also accesses performance of executive Directors.

In respect of the remuneration packages of individual executive directors and senior management, Remuneration Committee is to make recommendations to the Board for the Board's final determination.

The emoluments of the Directors are determined by reference to the skill, knowledge and experience of the respective Directors and their involvement in the Company's affairs as well as the prevailing market conditions. Share options may also be granted to the Directors as long-term incentive or rewards for their continuous contributions to the Group.

The Remuneration Committee met once during the year ended 31 December 2020 with the presence of Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung.

Nomination Committee

As at 31 December 2020, the Nomination Committee comprises three independent non-executive Directors, namely Mr. Wong Ching Cheung being chairman of the committee, Mr. Law Chi Hung and Mr. Leung Tat Yin as committee members.

BOARD COMMITTEES (CONTINUED)

Nomination Committee (Continued)

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board on a regular basis and making recommendations to the Board regarding any proposed changes.

The Board is empowered under the "Bye-laws" to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. In consideration of Board diversity, the Nomination Committee will monitor the implementation of the Company's nomination policy and Board diversity policy and will from time to time review the policies to ensure its effectiveness.

The Nomination Committee met once during the year ended 31 December 2020 with the presence of Mr. Law Chi Hung, Mr. Leung Tat Yin and Mr. Wong Ching Cheung.

Nomination policy

The Board has adopted a nomination policy which sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board diversity policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

Board Diversity Policy

The Board has adopted a Board diversity policy which sets out the approach adopted by the Board regarding diversity of Board members. In designing the Board's composition, board diversity has been considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board strives to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies and in order for the Board to be effective. The Board has set measurable objectives (in term of gender, skills and experience) to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity in terms of gender, professional background and skills.

CORPORATE GOVERNANCE FUNCTIONS

The Board is overall responsible for performing corporate governance duties. The Board developed and reviewed the Company's policies and practices on corporate governance; and monitored the training and professional development of Directors and senior management. The Board has constantly reviewed the Company's policies and practices to ensure compliance with legal and regulatory requirements and the Company's compliance with the Code and disclosure in the corporate governance report.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 December 2020, the Joint Company Secretaries have each taken no less than 15 hours of professional training.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its overall responsibilities for maintaining sound and effective internal control and risk management systems of the Group and reviewing their effectiveness. The Internal Audit function of the Group performed independent reviews and reported regularly the review results to the Board through the Audit Committee on the adequacy and effectiveness of the Group's internal control and risk management systems. The Board, through the Internal Audit function of the Group, has conducted annual review of the effectiveness of the system of internal control of the Group including the relevant financial, operational and compliance controls and risk management procedures and considered them effective and adequate. The Board has delegated to the senior management of the Group the implementation of such systems of internal controls. The management throughout the Group maintains and monitors the internal control system on an ongoing and regular basis.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting, internal audit and financial reporting function, and their training programmes and budget.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

The Company regulates the handling and dissemination of inside information to ensure that inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

AUDITOR

The external auditor of the Company is Elite Partners CPA Limited. The Audit Committee is responsible for making recommendations to the Board on the external auditor's appointment, re-appointment and removal, which are subject to approval by the Board and at the general meetings of the Company by its shareholders. In assessing the external auditor, the Audit Committee will take into account relevant experience, performance, objectivity and independence of the external auditor.

Provision of non-audit services

In deciding whether the external auditor should provide non-audit services for the Group, the following key principles are considered:

(i) the auditors should not audit their own firm's work;

(ii) the auditors should not make management decisions;

(iii) the auditors' independence should not be impaired; and

(iv) quality of service.

If any services which may be considered to be in conflict with the role of the external auditor, prior approval to engagement must be obtained from the Audit Committee, regardless of the amounts involved.

Auditor's remuneration

During the year ended 31 December 2020, the fees paid or payable to the auditor of the Company, Elite Partners CPA Limited, was approximately HK$550,000 (2019: approximately HK$850,000) and HK$25,000 (2019: HK$14,000) for statutory audit services and non-audit services rendered to the Group respectively.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the year ended 31 December 2020, which were prepared in accordance with statutory requirements and applicable accounting standards.

SHAREHOLDERS' RIGHTS

Dividend policy

The Company has adopted a dividend policy which became effective on 1 January 2019. The dividend policy aims at enhancing transparency of the Company and facilitating the shareholders and investors of the Company to make informed investment decisions relating to the Company. According to the dividend policy, while the Company intends to declare and pay dividends, the payment and the amount of any dividend will depend on a number of factors, including but not limited to the Group's financial performance, working capital requirements, capital expenditure requirements, future expansion plans and liquidity position, the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

Procedures for shareholders to convene an extraordinary general meeting

Pursuant to bye-law 58 of the Bye-laws, on the written requisition of Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right to vote at general meetings of the Company, the Directors shall convene an extraordinary general meeting for the transaction of any business specified in such requisition; and such meeting shall be convened within thirty days from the date of deposit of the requisition.

Procedures for shareholders to propose a person for election as a director

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at any general meeting, the shareholder can deposit a written notice to that effect at the principal place of business of the Company in Hong Kong, for the attention of the Board.

In order for the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

Pursuant to bye-law 85 of the Bye-laws, the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

The Company shall publish an announcement in accordance with Rule 2.07C or issue a supplementary circular upon receipt of a notice from a Shareholder to propose a person for election as a director at the general meeting where such notice is received by the Company after publication of the notice of meeting. The Company shall include particulars of the proposed director in the announcement or supplementary circular.

The Company shall assess whether or not it is necessary to adjourn the meeting of the election to give Shareholders at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Voting at and notice of general meetings

As required by the Listing Rules, the Company conducts all voting at general meetings by poll. To compile with the Listing Rules, notices to shareholders will be sent in the case of annual general meetings at least 20 clear business days before the meeting and at least 10 clear business days in the case of all other general meetings.

Pursuant to bye-law 59 of the Bye-laws, an annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including a special general meeting) must be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days, a general meeting may be called by shorter notice if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Shareholders entitled to attend and vote thereat; and

(b) in the case of any other meeting, by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all the Shareholders.

INVESTOR RELATIONS

The Board recognises that effective and timely communication with the Company's investors plays a crucial role in maintaining existing investor's confidence and attracting new investors, so the Board continuously places great importance on proactive communication with its existing and potential shareholders and investors. The primary communication channel between the Company and its shareholders is the publication of annual reports and interim reports, announcements, circulars and notices to shareholders. The Company's annual general meetings further provided a platform and opportunity for our shareholders to exchange view with the Company.

CONSTITUTIONAL DOCUMENTS

The Company has adopted new memorandum of Continuance and new Bye-laws with effective from 26 October 2015 (Bermuda Time), the date of continuance of the Company under the laws of Bermuda.

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Li Leong, aged 37, has years of experience in financial industry. Mr. Li graduated from the University of Western Ontario in Canada with a Bachelor of Science degree in Mathematics and Statistics in 2006. He also obtained a Master of Science degree in Investment Management from the Hong Kong University of Science and Technology in 2013. Mr. Li joined the Group in February 2015.

Mr. Li Xi, aged 46, has years of experience in investment. Mr. Li graduated from the Xi'an Jiaotong University with a Bachelor of Engineering degree in Industrial Foreign Trade in 1997. He also obtained a Master of Economics degree from Xi'an Jiaotong University in 2005. Mr. Li jointed the Group in November 2015.

Mr. Zhang Zhifang, aged 67, has years of experience in investment and business planning. Mr. Zhang graduated from Peking University with a bachelor's degree in international relations and a master's degree in international law, in 1984 and 1986, respectively. He earned his second master's degree in international commercial law and politics from the Fletcher School of Law and Diplomacy in the U.S.A. in 1987. Mr. Zhang joined the Group in December 1997.

Mr. Zhou Hongtao, aged 43, has over 10 years of experience in investment and media related industry. Mr. Zhou is currently the managing director of Shanghai Xiang Chen Hang Place The Industry Co, Ltd in the PRC, a real estate investment company in Shanghai. Mr. Zhou was the senior investment manager in Founder Group, Beijing, specialized in information technology and media related investment. Mr. Zhou obtained a Bachelor degree of Chemical Engineering and Technology from the Dalian University of Technology in 2000 and a Master of Business Administration degree from the Beijing Jiaotong University in 2005. Mr. Zhou joined the Group in May 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Law Chi Hung, aged 37, obtained a bachelor degree of Business Administration (Honors) in Accountancy from the City University of Hong Kong. He has 10 years of experience in accounting and auditing. Mr. Law is a member of the Hong Kong Institute of Certified Public Accountants and is currently a director of CLG CPA Limited. Mr. Law is currently an independent non-executive director of Silver Tide Holdings Limited (stock code: 1943), a company whose share are listed on the Main Board of the Stock Exchange. Mr. Law has been appointed as an independent non-executive Director since June 2015.

Mr. Leung Tat Yin, aged 59, has over 30 years of experience in trading and construction industries. Prior to joining the Group. Mr. Leung has served as managerial positions in a number of sizable private companies situated in Hong Kong. Mr. Leung has been appointed as an independent non-executive Director since July 2018.

Mr. Wong Ching Cheung, aged 58, has years of experience in printed circuit board industry with extensive managerial experiences. He has engaged in providing consultation in relation to the electronic industry, specializing in chemical and product manufacturing, with client base in the People's Republic of China, Taiwan, Singapore, Germany, France and Brazil. He is currently a director of a privately owned company, Finetech Electronics Limited. Prior to that, he held management role in certain Hong Kong private companies. Mr. Wong has been appointed as an independent non-executive Director since July 2016.

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its principal subsidiaries and joint ventures are engaged in the provision of advertising agency services, distribution of books and magazines, securities brokerage business, money lending business and e-commerce business in the People's Republic of China and in Hong Kong. Details are set out in notes 17 and 40 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business and the outlook and prospect of the Group are provided in the "Director's Statement" section on pages 3 to 4 of this annual report.

ENVIRONMENTAL POLICIES AND SOCIAL RESPONSIBILITIES

In 2020, the Group has actively responded to the general direction of social development, strived to meet the demands of environmental and social responsibility, strengthened our group's and employees' awareness of the environment and society, and actively participated in environmental and social issues. To better protect natural resources, we have taken various measures to save energy, reduce waste and consumption, and promote the use of environmentally friendly products in our daily business operations. In terms of social issues, the Group attaches great importance to the cultivation of knowledge and talent in order to establish a safe and honest working environment that bears social responsibilities to our employees. Meanwhile, we would like to share our ideas and concepts with our stakeholders. Through these practices, the Group has achieved encouraging results regarding environmental and social aspects.

Detail information regarding the environmental, social and governance practices adopted by the Group is set out in the Environmental, Social and Governance Report which will be disclosed as a separate report and published on the websites of the Stock Exchange and the Company no later than three months after the publication of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 27.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 98.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and share option schemes are set out in notes 32 and 36 to the consolidated financial statements respectively.

EVENTS AFTER REPORTING PERIOD

Details of the events after reporting period of the Group are set out in note 39 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

At 31 December 2020 and 2019, the Company did not have reserves available for distribution to shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the purchases attributable to the Group's largest supplier and the aggregate purchases attributable to the Group's five largest suppliers taken together were approximately 35% and 51% of the Group's total cost of sales for the year respectively. The sales attributable to the Group's largest customer and the aggregate sales attributable to the Group's five largest customers taken together were approximately 9% and 27% of the Group's total revenue for the year respectively.

As far as the Directors are aware, neither the Directors, their associates, nor those shareholders which to the knowledge of the Directors own more than 5% of the Company's share capital, had any interest in the five largest suppliers of the Group during the year.

DIRECTORS

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

Executive Directors:

Mr. Li Leong
Mr. Li Xi
Mr. Li Zhen
Mr. Zhang Zhifang
Mr. Zhou Hongtao

Independent non-executive Directors:

Mr. Law Chi Hung
Mr. Leung Tat Yin
Mr. Wong Ching Cheung

In accordance with bye-law 84 of the Bye-laws, Mr. Li Leong, Mr. Zhou Hongtao and Mr. Wong Ching Cheung shall retire at the forthcoming annual general meeting and the retiring Directors are eligible for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The term of office of each non-executive Director is the period up to his/her retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than those disclosed in note 38 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2020 or at any time during the year.

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2020, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Save as disclosed below, as at 31 December 2020, none of the Directors and chief executives had interests and short positions in the shares, the underlying shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules:

Long positions in the shares and underlying shares of the Company

Name of Director	**Nature of interest**	**Number of shares held**	**Percentage of number of issued shares of the Company as at 31 December 2020** (Note 1) (%)
Mr. Zhang Zhifang	Beneficial owner	37,500	0.01
Mr. Li Leong	Beneficial owner	3,180,000	0.83
Mr. Li Xi	Beneficial owner	3,180,000	0.83
Mr. Li Zhen	Beneficial owner	3,180,000	0.83
Mr. Zhou Hongtao	Beneficial owner	3,180,000	0.83

Note 1: The percentage shareholding is calculated on the basis of the Company's issued share capital of 382,407,275 as at 31 December 2020.

PERMITTED INDEMNITY PROVISION

Pursuant to bye-law 164 of the Bye-laws, the Directors and every one of them is entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty in their offices or otherwise in relation thereto provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has taken out and maintained Directors' liability insurance throughout the year which provides appropriate cover for legal actions brought against the Directors.

SHARE OPTION SCHEMES

Particulars of the Company's share option schemes and details of movements in the Company's share options during the year to subscribe for shares of HK$0.10 each in the Company are set out in note 36 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "Directors' Interests in Securities" above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2020, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholder had notified the Company of the relevant interests and short positions in the shares and underlying shares of the Company:

Long positions in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares held	Percentage of number of issued share of the Company as at 31 December 2020 (Note 1) (%)
Ni Songhua	Beneficial owner	28,815,000	7.54

Note 1: The percentage shareholding is calculated on the basis of the Company's issued share capital of 382,407,275 as at 31 December 2020.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Board of Directors, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 36 to the consolidated financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONS WITH KEY STAKEHOLDERS

The Board recognises that our employees are valuable assets contributing to the Group's future success. The Group provides competitive remuneration package to attract, motivate and retain our employees. The Board also regularly reviews the remuneration package of our employees and makes necessary adjustments to conform to the prevailing market practices.

The Board also treasures that maintaining good relationship with our customers and suppliers is vital to achieve the Group's long-term goals. During the year, there was no significant dispute between the Group companies and our business partners.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The Directors consider, among other things, that approvals to renew the advertising licenses of certain of our Group companies by the PRC governmental authorities, renewal of the sole advertising rights of certain magazines and addition of any new exclusive advertising contracts to the Group are the key risks and uncertainties to its operation and prospects. These are not within the control of the Board and are also much dependent on the prevailing regulations and conditions at the relevant time of renewal in future. Description of key sources of estimation uncertainty and the risks associated with the Group's financial instruments are disclosed in note 4 and note 35 to the consolidated financial statements respectively. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Board or which may not be material now but could turn out to be material in future.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

AUDITOR

The financial statements for the year ended 31 December 2020 was audited by Elite Partners CPA Limited.

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Elite Partners CPA Limited as auditor of the Company.

On behalf of the Board

Li Leong
Director
Hong Kong, 31 March 2021

INDEPENDENT AUDITOR'S REPORT

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF SEEC MEDIA GROUP LIMITED
財訊傳媒集團有限公司
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of SEEC Media Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 97, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
Impairment assessment of goodwill and other intangible assets	
As at 31 December 2020 and before impairment assessment, the Group had goodwill and other intangible assets of approximately HK$12.3 million and HK$15.4 million, respectively which were allocated to the provision of e-commerce platform services and sales of related goods units (the "CGUs"). For the purpose of assessing impairment of goodwill and other intangible assets, the Group appointed an independent external valuer to assess the recoverable amount of the CGUs, which were determined by the management based on the higher of value-in-use and fair value less costs of disposal. The valuation requires significant management judgement in valuing the recoverable amount of the CGUs. We had identified impairment assessment of goodwill and other intangible assets as a key audit matter because significant management judgement was used in determining the key assumptions including future income, operating margin and discount rate in arriving the cash flow forecast of the CGUs. After the management assessment of the recoverable amount of the CGUs, an impairment loss on goodwill and other intangible assets of approximately HK$12.3 million and HK$15.4 million, respectively were recognised in profit or loss during the year ended 31 December 2020.	Our major audit procedures to address the impairment assessment of goodwill and other intangible assets included: – discussing with management as to whether there was any indicator of impairment; – obtaining cash flow forecasts of the CGUs prepared and approved by the management; – discussing with management and the independent external valuer engaged by the Company in relation to the methodology and assumptions adopted in arriving at the forecasts, to see whether these assumptions and methodology were reasonable; – checking on a sample basis the accuracy and reliance of the input data used; and – assessing the competency of the independent external valuer taking into account its experiences and qualifications.
Impairment assessment of financial assets at amortised cost	
As at 31 December 2020, the Group had accounts receivable, loan receivables and other receivables and deposits amounting to approximately HK$134.2 million, HK$182.4 million and HK$26.8 million respectively. The balances of impairment loss allowance for the receivables represent the management's best estimates at the reporting date of expected credit losses ("ECL") under the ECL models as stipulated in HKFRS 9 Financial Instruments. The Group has elected to measure loss allowances for accounts receivable using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For loan receivables and other receivables and deposits, the ECLs are using general approach. We have identified management's assessments of the ECL of financial assets at amortised cost as a key audit matter because the amounts of such financial assets are significant and the assessments required significant management judgement and assumption.	Our major audit procedures to address the impairment assessment of accounts receivable, loan receivables and other receivables and deposits included: – understanding and testing the design and operating effectiveness of key controls relating to the measurement of ECL; – reviewing aging analysis of the receivables prepared by management of the Company and discussing with the management of the Company whether the amounts are recoverable on a sample basis; – examining the management's estimation on the ECL of individual balances on sample basis and the expected loss rate of each category groups and evaluating the basis and factors used in the estimation to the appropriateness of the management's identification of significant increase in credit risk, defaults and credit-impaired receivables; – recalculating the provision for ECL made by the management to assess the accuracy; – verifying the balance of the receivables by requesting and receiving confirmation on a sample basis; and – checking subsequent settlements of accounts receivable, loan receivables and other receivables on a sample basis.

Other Information

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

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

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

Responsibilities of the Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants

10/F, 8 Observatory Road,
Tsim Sha Tsui, Kowloon,
Hong Kong
31 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	5	80,167	87,223
Cost of sales		(23,994)	(36,435)
Gross profit		56,173	50,788
Other income	7	4,525	1,182
Fair value changes on held-for-trading investments		9,574	(8,960)
Other gains and losses, net	8	(69,711)	(20,104)
Selling and distribution costs		(11,787)	(18,129)
Administrative expenses		(38,931)	(70,727)
Share of loss of a joint venture	17	(8,852)	(14,038)
Share of loss of an associate	18	(7,483)	(10,263)
(Provision)/reversal of impairment loss on interest in an associate		(26,871)	3,251
Impairment loss on interest in a joint venture		(3,895)	–
Impairment loss on goodwill		(12,267)	(11,128)
Impairment loss on other intangible assets		(15,428)	–
Impairment loss on property, plant and equipment		(4,576)	–
Impairment loss on right-of-use assets		(14,053)	–
Finance costs	9	(2,320)	(2,061)
Loss before taxation	10	(145,902)	(100,189)
Taxation	12	2,509	807
Loss for the year		(143,393)	(99,382)
Other comprehensive income/(expense)			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on investment in equity instrument at fair value through other comprehensive income		(4,134)	(5,366)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income/(expense) of an associate		614	(228)
Exchange differences arising on translation		6,771	(4,129)
Share of exchange differences of a joint venture		897	(619)
		4,148	(10,342)
Total comprehensive expense for the year		(139,245)	(109,724)
Loss for the year attributable to:			
Owners of the Company		(137,831)	(95,294)
Non-controlling interests		(5,562)	(4,088)
		(143,393)	(99,382)
Total comprehensive expense attributable to:			
Owners of the Company		(132,404)	(106,775)
Non-controlling interests		(6,841)	(2,949)
		(139,245)	(109,724)
Loss per share (HK$)	13		
Basic		(0.40)	(0.30)
Diluted		(0.40)	(0.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	14	603	5,336
Other intangible assets	15	–	21,910
Goodwill	16	–	11,551
Interest in a joint venture	17	14,303	26,153
Interest in an associate	18	4,060	37,800
Investment in equity instrument at fair value through other comprehensive income	19	–	4,134
Amount due from a joint venture	20	–	4,941
Deposits	24	1,284	–
Right-of-use assets	21	367	4,138
		20,617	115,963
Current assets			
Accounts receivable	22	134,179	150,349
Loan receivables	23	182,408	197,290
Amounts due from related companies	20	6,998	18,461
Other receivables, deposits and prepayments	24	42,713	57,953
Held-for-trading investments	25	36,137	17,307
Bank balances (trust and segregated accounts)	26	22,429	12,508
Bank balances (general accounts) and cash and cash equivalents	26	57,310	73,442
		482,174	527,310
Current liabilities			
Accounts payable	27	42,246	26,287
Other payables and accruals	28	63,685	122,669
Amount due to a joint venture	20	9,153	7,359
Amounts due to related companies	20	59,216	37,984
Borrowings	29	25,495	23,536
Tax payable		15,609	15,024
Lease liabilities	30	3,984	3,495
		219,388	236,354
Net current assets		262,786	290,956
Total assets less current liabilities		283,403	406,919
Non-current liabilities			
Deferred tax liabilities	31	–	3,551
Lease liabilities	30	10,011	401
		10,011	3,952
Net assets		273,392	402,967
Capital and reserves			
Share capital	32	3,824	637,354
Reserves		270,456	(240,340)
Equity attributable to owners of the Company		274,280	397,014
Non-controlling interests	40	(888)	5,953
Total equity		273,392	402,967

The consolidated financial statements on pages 27 to 97 were approved and authorised for issue by the Board of Directors on 31 March 2021 and were signed on its behalf by:

Li Xi *Director*	Li Leong *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Statutory reserve HK$'000 (Note a)	Exchange translation reserve HK$'000	Other reserve HK$'000	Fair value thought other comprehensive income ("FVTOCI") reserve HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2019	637,354	–	13,092	429,374	8,407	31,852	17,848	(23,500)	3,058	(617,901)	499,584	8,902	508,486
Loss for the year	–	–	–	–	–	–	–	–	–	(95,294)	(95,294)	(4,088)	(99,382)
Exchange differences arising on translation	–	–	–	–	–	(5,268)	–	–	–	–	(5,268)	1,139	(4,129)
Share of exchange differences of a joint venture	–	–	–	–	–	(619)	–	–	–	–	(619)	–	(619)
Share of other comprehensive income of an associate	–	–	–	–	–	–	(228)	–	–	–	(228)	–	(228)
Fair value change on investment in equity instrument at FVOCI	–	–	–	–	–	–	–	(5,366)	–	–	(5,366)	–	(5,366)
Total comprehensive expenses for the year	–	–	–	–	–	(5,887)	(228)	(5,366)	–	(95,294)	(106,775)	(2,949)	(109,724)
Recognition of equity-settled share-based payment	–	–	–	–	–	–	–	–	4,205	–	4,205	–	4,205
At 31 December 2019	637,354	–	13,092	429,374	8,407	25,965	17,620	(28,866)	7,263	(713,195)	397,014	5,953	402,967
Loss for the year	–	–	–	–	–	–	–	–	–	(137,831)	(137,831)	(5,562)	(143,393)
Exchange differences arising on translation	–	–	–	–	–	8,050	–	–	–	–	8,050	(1,279)	6,771
Share of exchange differences of a joint venture	–	–	–	–	–	897	–	–	–	–	897	–	897
Share of other comprehensive income of an associate	–	–	–	–	–	–	614	–	–	–	614	–	614
Fair value change on investment in equity instrument at FVOCI	–	–	–	–	–	–	–	(4,134)	–	–	(4,134)	–	(4,134)
Total comprehensive expenses for the year	–	–	–	–	–	8,947	614	(4,134)	–	(137,831)	(132,404)	(6,841)	(139,245)
Recognition of equity-settled share-based payment	–	–	–	–	–	–	–	–	2,659	–	2,659	–	2,659
Capital reduction	(634,168)	–	–	–	–	–	–	–	–	634,168	–	–	–
Issue of new shares	638	6,373	–	–	–	–	–	–	–	–	7,011	–	7,011
At 31 December 2020	3,824	6,373	13,092	429,374	8,407	34,912	18,234	(33,000)	9,922	(216,858)	274,280	(888)	273,392

Note a: According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, those subsidiaries are required to set aside 10% of their profit after taxation to the statutory reserve (except where the reserve has reached 50% of the subsidiaries' registered capital). The profit after taxation is determined in accordance with the relevant accounting principles and financial regulations applicable to companies established in the PRC. This reserve cannot be used for purposes other than those for which it is created and is not distributable as dividends without the prior approval by the owners under certain conditions.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	(145,902)	(100,189)
Adjustments for:		
Bank interest income	(87)	(176)
Finance costs	2,320	2,061
Depreciation of property, plant and equipment	3,720	2,578
Depreciation of right-of-use assets	4,827	3,361
Amortisation of other intangible assets	7,039	17,390
Provision/(reversal) of impairment loss on interest in an associate	26,871	(3,251)
Impairment loss on interest in a joint venture	3,895	–
Impairment losses on financial assets, net	61,744	22,618
(Gain)/loss on disposal of property, plant and equipment	(453)	614
Fair value changes on held-for-trading investments	(9,574)	8,960
Share of loss of an associate	7,483	10,263
Share of loss of a joint venture	8,852	14,038
Equity-settled share-based payment	2,659	4,205
Loss on disposal of intangible assets	–	2,350
Impairment loss on goodwill	12,267	11,128
Impairment loss on other intangible assets	15.428	–
Impairment loss on property, plant and equipment	4,576	–
Impairment loss on right-of-use assets	14,053	–
Operating cash flows before movements in working capital	19,718	(4,050)
Changes in accounts receivable	(8,590)	30,057
Changes in loan receivables	(12,754)	(35,004)
Changes in other receivables, deposits and prepayments	5,433	12,640
Changes in bank balances (trust and segregated accounts)	(9,921)	16,977
Changes in accounts payable	16,421	41
Changes in other payables and accruals	(57,178)	11,738
Changes in balances with a joint venture	1,794	1,115
Changes in balances with related companies	33,162	(26,921)
Purchases of held-for-trading investments	(11,103)	(14)
Proceeds from disposals of held-for-trading investments	1,847	–
Cash (used in)/generated from operations	(21,171)	6,579
Interest received	87	176
Income tax paid	(1,112)	(522)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(22,196)	6,233

	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES		
Repayment from a joint venture	4,965	3,930
Purchase of property, plant and equipment	(2,014)	(2,406)
Sale proceeds from disposals of property, plant and equipment	514	11
NET CASH GENERATED FROM INVESTING ACTIVITIES	3,465	1,535
FINANCING ACTIVITIES		
Repayment of lease liabilities (including interests)	(5,303)	(3,845)
Repayment of borrowings	–	(2,000)
Interests paid	(67)	–
Issue of new shares	7,011	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	1,641	(5,845)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(17,090)	1,923
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	73,442	75,765
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES	958	(4,246)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	57,310	73,442
Analysis of balances of cash and cash equivalents at the end of the year		
Bank balances and cash and cash equivalents	57,310	73,442

1. GENERAL

SEEC Media Group Limited (the "Company") is incorporated as an exempted company with limited liability in the Cayman Islands and continued in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The change of domicile of the Company from the Cayman Islands to Bermuda was effective on 26 October 2015. The address of the registered office and principal place of business of the Company are disclosed "Corporate Information" section to the annual report.

The Company acts as investment holding company and its subsidiaries are principally engaged in the provision of advertising agency services and distribution of books and magazines in the People's Republic of China ("PRC") and the securities broking business, money lending business and provision of e-commerce platform services and sales of related goods in Hong Kong.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the Company's functional currency of Renminbi ("RMB"). The directors of the Company adopted HK$ as presentation currency. For the convenience of the financial statements users, the consolidated financial statements are presented in HK$, as the Company's shares are listed on The Stock Exchange of Hong Kong Limited.

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

(A) Amendments to HKFRSs that are mandatorily effective for the current year

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

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

The Group has also early adopted Amendment to HKFRS 16 "Covid-19-Related Rent Concessions" that is mandatory for the first time for financial year beginning 1 January 2021.

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

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

(B) NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020	1 January 2022

The Company's directors have performed an assessment on these new standard and amendments to standards, and have concluded on a preliminary basis that the adoption of these new standard and amendments to standards is not expected to have a significant impact on the Group' s financial performance and position.

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

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation of consolidated financial statements (Continued)

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

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

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

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

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

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

Investments in an associate and a joint venture

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

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

The results and assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of the associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in an associate and a joint venture (Continued)

The Group assess whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exits, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, 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 or joint venture 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 or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

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

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

Revenue from contracts with customers

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers (Continued)

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

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

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

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

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.

Incremental costs of obtaining a contract

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

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

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

Interest income

Interest income from financial asset is recognised as revenue in profit or loss over the terms of the contracts using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the credit loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Financial instruments

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets including accounts receivable, loan receivables, other receivables and deposits, amounts due from a joint venture and related companies and bank balances which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for accounts receivable and contract assets without significant financing component.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

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

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

(ii) Definition of default

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of accounts receivable, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

Lifetime ECL for certain accounts receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including borrowings, accounts payable, other payables and accruals and amounts due to a joint venture and related companies are subsequently measured at amortised cost, using the effective interest method.

Derecognition/modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease

Definition of a lease

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

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

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

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

Lease liabilities

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

The lease payments include fixed lease payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

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

– the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liability is presented as a separate line in the consolidated statements of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Taxation

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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

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

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

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

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

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

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

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Exchange differences relating to the retranslation of the Group's net assets in Hong Kong dollars to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

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

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

Employee benefits

Retirement benefits costs

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

<u>Short-term and other long-term employee benefits</u>

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

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill and other intangible assets has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to uncertainty on how the Covid-19 pandemic may progress and evolve and volatility in financial markets, including potential disruptions of the Group's business.

The carrying amounts of goodwill and other intangible assets as at 31 December 2020 were nil (2019: approximately HK$11,551,000 and approximately HK$21,910,000, respectively). Impairment loss of approximately HK$12,267,000 and approximately HK$15,428,000, (2019: approximately HK$11,128,000 and nil) were recognised on goodwill and other intangible assets, respectively during the year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision for impairment loss of accounts receivable, loan receivables and other receivables

The policy for provision for impairment of accounts receivable, loan receivables and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement or expected credit losses associated with credit risk. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history. If the financial conditions of the counter parties were to change, resulting in an impairment or improvement in their abilities to make payments, either additional provision or reversal of previously made provision may be required.

Fair value of investment in equity instrument at fair value through other comprehensive income

As disclosed in Note 19 to the Consolidated Financial Statements, the investment in equity instrument at fair value through other comprehensive income is related to the equity interests in a private company which was engaged in the business of investor relations in Hong Kong, and its fair value as at 31 December 2019 and 31 December 2020 were determined by using discounted cash flow valuation method. Where the fair value of financial assets recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

5. REVENUE

Revenue represents the gross invoiced value of advertising services, sales of books and magazines, commission and brokerage income arising from securities broking services, e-commerce platform services income, interest income arising from securities broking business, interest income from loan receivables and gross invoiced value of sales of high-tech products. An analysis of the Group's revenue is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Advertising services income	42,375	42,559
Sales of books and magazines	4	164
Commission and brokerage income	2,029	273
E-commerce platform services income	5,885	5,904
Sales of high-tech products	3,301	10,226
	53,594	59,126
Revenue from other sources:		
Interest income arising from securities broking business	10,908	13,093
Interest income from loan receivables	15,665	15,004
	26,573	28,097
	80,167	87,223
Timing of revenue recognition		
Point of time	5,334	10,663
Overtime	48,260	48,463
	53,594	59,126

6. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision makers, for the purposes of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. The Group is principally engaged in (a) provision of advertising services and sales of books and magazines; (b) provision of securities broking services including brokerage, financing and underwriting and placement; (c) provision of e-commerce platform services and sales of related goods; and (d) money lending.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit or loss earned by each segment without allocation of unallocated administration expenses, amortisation of other intangible assets, other income, other gains and losses, net, share of loss of a joint venture, share of loss of an associate, fair value changes on held-for-trading investments, finance costs, (provision)/reversal of impairment loss on an associate, impairment loss on interest in a joint venture and impairment losses on goodwill, other intangible assets, property, plant and equipment and right-of-use assets. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment. Furthermore, as the assets and liabilities for reportable segments are not provided to the chief operating decision makers for the purposes of resources allocation and performance assessment, no segment assets and liabilities are presented accordingly.

Segment revenues and results

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

For the year ended 31 December 2020

	Provision of advertising services and sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
Revenue					
External sales	42,379	12,937	9,186	15,665	80,167
Result					
Segment profit/(loss)	18,729	(2,307)	(6,246)	10,082	20,258
Other income					4,525
Fair value changes on held-for-trading investments					9,574
Other gains and losses, net					(69,711)
Unallocated administration expenses					(7,764)
Amortisation of other intangible assets					(7,039)
Share of loss of a joint venture					(8,852)
Share of loss of an associate					(7,483)
Impairment loss on interest in an associate					(26,871)
Impairment loss on interest in a joint venture					(3,895)
Impairment loss on goodwill					(12,267)
Impairment loss on other intangible assets					(15,428)
Impairment loss on property, plant and equipment					(4,576)
Impairment loss on right-of-use assets					(14,053)
Finance costs					(2,320)
Loss before taxation					(145,902)

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

For the year ended 31 December 2019

	Provision of advertising services and sales of books and magazines HK$'000	Provision of securities broking services HK$'000	Provision of e-commerce platform services and sales of related goods HK$'000	Money lending HK$'000	Consolidated HK$'000
Revenue					
External sales	42,723	13,366	16,130	15,004	87,223
Result					
Segment (loss)/profit	(3,037)	(6,879)	2,062	14,807	6,953
Other income					1,182
Fair value changes on held-for-trading investments					(8,960)
Other gains and losses, net					(20,104)
Unallocated administration expenses					(27,631)
Amortisation of other intangible assets					(17,390)
Share of loss of a joint venture					(14,038)
Share of loss of an associate					(10,263)
Reversal of impairment loss on interest in an associate					3,251
Impairment loss on goodwill					(11,128)
Finance costs					(2,061)
Loss before taxation					(100,189)

6. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in the PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets (Note)	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
PRC	51,565	58,853	970	37,014
Hong Kong	28,602	28,370	–	5,921
	80,167	87,223	970	42,935

Note: Non-current assets excluded deposits, interests in a joint venture, investment in equity instrument at fair value through other comprehensive income, interest in an associate and amount due from a joint venture.

Information about major customers

There is no customer from either provision of advertising services, sales of books and magazines, provision of securities broking services, provision of e-commerce platform services and sale of related goods or money lending segment which contributed over 10% of the total revenue of the Group.

7. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Referral commissions	3,692	–
Bank interest income	87	176
Other miscellaneous income	214	306
Government grant	532	63
Others	–	637
	4,525	1,182

8. OTHER GAINS AND LOSSES, NET

	2020 HK$'000	2019 HK$'000
Impairment loss on financial assets, net	(61,744)	(22,618)
Exchange differences, net	(9,677)	5,069
Gains/(losses) on disposal of property, plant and equipment	453	(614)
Loss on disposal of intangible assets	–	(2,350)
Others	1,257	409
	(69,711)	(20,104)

9. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on borrowings wholly repayable within five years	2,026	1,826
Interest on lease liabilities	294	235
	2,320	2,061

10. LOSS BEFORE TAXATION

	2020 HK$'000	2019 HK$'000
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	550	850
Staff costs (including directors' emoluments):		
Wages, salaries and other allowances	10,146	19,235
Contributions to retirement benefits schemes	945	2,903
Employee share option benefits	2,659	4,206
	13,750	26,344
Depreciation of property, plant and equipment	3,720	2,578
Depreciation of right-of-use-assets	4,827	3,361
Amortisation of other intangible assets	7,039	17,390
Total depreciation and amortisation	15,586	23,329
Short-term lease payments	2,107	4,045

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

The emoluments paid or payable to each of the directors and the chief executive were as follows:

	2020					2019				
	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
Executive Directors										
– Mr. Zhang Zhifang	260	–	–	–	260	260	–	–	–	260
– Mr. Zhou Hongtao	120	–	–	277	397	120	–	–	–	120
– Mr. Li Leong	–	210	9	277	496	–	735	18	–	753
– Mr. Li Xi	300	–	–	277	577	300	–	–	–	300
– Mr. Li Zhen (Note a)	144	–	–	277	421	96	–	–	–	96
Independent Non-Executive Directors										
– Mr. Law Chi Hung	120	–	–	–	120	120	–	–	–	120
– Mr. Wong Ching Cheung	96	–	–	–	96	96	–	–	–	96
– Mr. Leung Tat Yin	120	–	–	–	120	120	–	–	–	120
	1,160	210	9	1,108	2,487	1,112	735	18	–	1,865

Notes:

(a) Appointed on 16 April 2019

Salaries, allowance and benefits in kind paid or payable to the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

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

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The five highest paid employees of the Group during the year included three directors (2019: nil), details of whose remuneration are set out above. Details of the remuneration for the year of the remaining two (2019: five) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and benefits in kind	1,576	4,264
Contributions to retirement benefits scheme	62	585
	1,638	4,849

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2020 No. of employees	2019 No. of employees
HK$nil to HK$1,000,000	1	3
HK$1,000,001 to HK$1,500,000	1	2

No emoluments were paid by the Group to the directors or the five highest paid individuals as compensation for loss of office or as a discretionary bonus or an inducement to join or upon joining the Group. None of the directors, chief executive or the five highest paid individuals has waived any emoluments in both years.

12. TAXATION

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

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

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

	2020 HK$'000	2019 HK$'000
Current taxation		
– PRC Enterprise Income Tax	686	–
– Hong Kong Profits Tax	384	290
(Over)/under-provision in prior years		
– PRC Enterprise Income Tax	(298)	–
– Hong Kong Profits Tax	30	–
Deferred taxation	(3,311)	(1,097)
	(2,509)	(807)

12. TAXATION (CONTINUED)

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

	2020 HK$'000	2019 HK$'000
Loss before taxation	(145,902)	(100,189)
Tax at EIT rate of 25%	(36,476)	(25,047)
Tax effect of income not taxable for tax purposes	(2,517)	(3,630)
Tax effect of expenses not deductible for tax purposes	16,456	17,324
Tax effect of temporary differences not recognised	13,482	1,476
Tax effect of tax losses not recognised	6,209	10,108
Utilisation of tax loss previously not recognised	(4,069)	–
Over-provision in prior years	(268)	–
Difference in tax rates under different jurisdictions	4,674	(1,038)
	(2,509)	(807)

At the end of the reporting period, the Group had estimated unused tax losses of approximately HK$169,605,000 (2019: approximately HK$158,851,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$55,819,000 (2019: approximately HK$52,769,000) that will expire within 5 years. Other losses way be carried forward indefinitely.

13. LOSS PER SHARE

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

	2020 HK$'000	2019 HK$'000
Loss		
Loss for the purposes of basic and diluted loss per ordinary share being loss for the year attributable to owners of the Company	(137,831)	(95,294)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	348,359,766	318,677,275

On 4 May 2020, the Company completed a capital reorganisation which involved the consolidation of every twenty ordinary shares of the Company of HK$0.1 each into one consolidated share of HK$2.0 each. For the year ended 31 December 2019, the weighted average number of ordinary shares has been adjusted for the effect of the share consolidation.

The computation of diluted loss per share for both years does not assume the exercise of outstanding share options of the Company since their assumed exercise would result in a decrease in loss per share, is anti-dilutive.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Motor vehicles HK$'000	Furniture, fixtures and fittings HK$'000	Computer and office equipment HK$'000	Total HK$'000
At cost					
At 1 January 2019	4,274	15,008	2,126	13,063	34,471
Additions	–	3	–	2,403	2,406
Disposals	–	(2,918)	(227)	(7,043)	(10,188)
Exchange realignment	–	(259)	(30)	(144)	(433)
At 31 December 2019 and 1 January 2020	4,274	11,834	1,869	8,279	26,256
Additions	3,563	–	–	14	3,577
Disposals	–	(1,064)	–	(439)	(1,503)
Exchange realignment	–	673	86	284	1,043
At 31 December 2020	7,837	11,443	1,955	8,138	29,373
Accumulated depreciation and impairment					
At 1 January 2019	4,042	10,468	1,838	11,915	28,263
Provided for the year	232	1,208	224	914	2,578
Disposals	–	(2,243)	(216)	(7,104)	(9,563)
Exchange realignment	–	(194)	(28)	(136)	(358)
At 31 December 2019 and 1 January 2020	4,274	9,239	1,818	5,589	20,920
Provided for the year	724	2,140	45	811	3,720
Disposals	–	(1,032)	–	(410)	(1,442)
Impairment	2,839	–	–	1,737	4,576
Exchange realignment	–	636	85	275	996
At 31 December 2020	7,837	10,983	1,948	8,002	28,770
Carrying values					
At 31 December 2020	–	460	7	136	603
At 31 December 2019	–	2,595	51	2,690	5,336

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

Leasehold improvements	Over the shorter of 3 years and the lease term
Motor vehicles	4 to 5 years
Furniture, fixtures and fittings	Over the shorter of 10 years and the lease term
Computer and office equipment	3 to 6⅔ years

15. OTHER INTANGIBLE ASSETS

	Technical know how HK$'000	Customer relationship HK$'000	Domain name HK$'000	Total HK$'000
Cost				
At 1 January 2019	43,984	1,572	36,156	81,712
Exchange realignment	(1,510)	(31)	(223)	(1,764)
Disposal	–	–	(35,933)	(35,933)
At 31 December 2019 and 1 January 2020	42,474	1,541	–	44,015
Exchange realignment	2,633	96	–	2,729
At 31 December 2020	45,107	1,637	–	46,744
Accumulated amortisation and impairment				
At 1 January 2019	13,763	1,572	18,489	33,824
Amortisation	7,182	–	10,208	17,390
Exchange realignment	(381)	(31)	(114)	(526)
Disposal	–	–	(28,583)	(28,583)
At 31 December 2019 and 1 January 2020	20,564	1,541	–	22,105
Amortisation	7,039	–	–	7,039
Impairment	15,428	–	–	15,428
Exchange realignment	2,076	96	–	2,172
At 31 December 2020	45,107	1,637	–	46,744
Carrying values				
At 31 December 2020	–	–	–	–
At 31 December 2019	21,910	–	–	21,910

The technical know how relates to platforms for catering business and mobile application integration systems business which were acquired through business combination on 9 September 2016 and 25 May 2017 respectively. The useful life of the technology know how is 7 years.

The customer relationship represents the contract backlog with customers which were acquired through business combination on 9 September 2016. The useful life of the customer relationship is over its contract term.

The domain name is related to a website for online shopping business which was acquired on 12 December 2016. The useful life of the domain name is 4 years. During the year ended 31 December 2019, the management of the Company disposed of the domain name at the consideration of HK$5,000,000.

The technical know how and customer relationship were allocated to the provision of e-commerce platform services and sales of related goods' cash generating units ("the CGUs"). The directors of the Company conducted an impairment review of the Group's CGUs as at 31 December 2020. The recoverable amount of the CGUs has been determined taking into account the valuation performed by independent professional valuers not connected to the Group, based on a value in use calculation which derived from the financial budgets approved by management covering a period of 5 years in accordance with the remaining contractual lives for the other intangible assets of the operation, and at a discount rate of 17%-22% (2019: 14%-18%) per annum. Other key assumptions for the value in use calculations are budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend.

As the result of the impairment review, an impairment loss on other intangible assets of approximately HK$15.4 million was recognised in profit or loss during the year ended 31 December 2020 (2019: nil).

16. GOODWILL

	HK$'000
Cost	
At 1 January 2019	141,814
Exchange realignment	(403)
At 31 December 2019 and 1 January 2020	141,411
Exchange realignment	1,396
At 31 December 2020	142,807
Accumulated impairment	
At 1 January 2019	118,886
Impairment	11,128
Exchange realignment	(154)
At 31 December 2019 and 1 January 2020	129,860
Impairment	12,267
Exchange realignment	680
At 31 December 2020	142,807
Carrying values	
At 31 December 2020	–
At 31 December 2019	11,551

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to business segment as follows:

	2020 HK$'000	2019 HK$'000
Provision of e-commerce platform services and sales of related goods (Note)	–	11,551

Note:

The recoverable amount of the CGUs has been determined based on a value in use calculation. The recoverable amount of the e-commerce CGU and the high-tech products of goodwill are determined taking into account the valuation performed by independent professional external valuers not connected to the Group, based on the cash flow forecast derived from the most recent financial budgets approved by the management covering a 5-year period in accordance with the expected cash inflows generating period, and at a discount rate of 17%-22% (2019: 14%-18%) per annum. Other key assumptions for the value in use calculations are the budgeted revenue and budgeted gross margin, which are determined based on past performance, management's expectations for the market development and market trend. As a result of the impairment review, an impairment loss on goodwill of approximately HK$12.3 million (2019: HK$11.1 million) was recognised in profit or loss during the year ended 31 December 2020.

17. INTEREST IN A JOINT VENTURE

	2020 HK$'000	2019 HK$'000
Cost of unlisted investment in joint venture	22,863	22,863
Share of post-acquisition profit and other comprehensive income	(4,444)	3,290
Impairment loss recognised	(4,116)	–
	14,303	26,153

As at 31 December 2020 and 2019, the Group had interest in the following joint venture:

Name of entity	Form of business structure	Place/ country of incorporation/ registration	Principal place of operation	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group		Proportion of voting power held		Principal activity
					2020	2019	2020	2019	
Mondadori – SEEC (Beijing) Advertising Co., Ltd. ("Mondadori – SEEC")	Incorporated	PRC	PRC	Registered capital	50%	50%	50%	50%	Advertising agent

Summarised financial information of a joint venture

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with International Financial Reporting Standards.

Mondadori – SEEC

	2020 HK$'000	2019 HK$'000
Current assets	60,903	83,776
Non-current assets	350	585
Current liabilities	(24,414)	(34,407)

17. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of a joint venture (Continued)

Mondadori – SEEC (Continued)

The above amounts of assets including the following:

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	28,938	33,734

	2020 HK$'000	2019 HK$'000
Revenue	58,302	102,794
Loss and total comprehensive expense for the year	(17,704)	(28,076)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Mondadori – SEEC:

	2020 HK$'000	2019 HK$'000
Net assets	36,839	52,306
Proportion of the Group's ownership interest in a joint venture	50%	50%
Share of net assets of a joint venture	18,419	26,153
Impairment loss recognised	(4,116)	–
Carrying amount of the Group's interest in a joint venture	14,303	26,153

The above loss shared by the Group for the year includes the following:

	2020 HK$'000	2019 HK$'000
Depreciation of property, plant and equipment	453	273
Interest income	850	592
Impairment of accounts receivable	589	928

17. INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of a joint venture (Continued)

Mondadori – SEEC (Continued)

The cost of investment in joint venture represents the Group's 50% capital in the Mondadori – SEEC (Beijing) Advertising Co., Ltd. which was established in the PRC and engaged in provision of advertising agency services in the PRC.

According to the legal form and terms of the contractual arrangements, the joint venturer that have joint control of the arrangement and have rights to the net assets of the arrangement, hence it is regarded as a joint venture.

During the years ended 31 December 2020 and 2019, the Group recognised all the share of loss for the joint venture. An impairment loss of approximately HK$3,895,000 was recognised in profit or loss during the year (2019: nil).

18. INTEREST IN AN ASSOCIATE

	2020 HK$'000	2019 HK$'000
Cost of investment in an associate	140,000	140,000
Share of post-acquisition profit or loss and other comprehensive income	(86,678)	(79,809)
Impairment loss recognised	(49,262)	(22,391)
	4,060	37,800

As at 31 December 2020, the Group held 70,000,000 (2019: 140,000,000) shares of Asia-Pac Financial Investment Company Limited ("Asia-Pac"), representing approximately 24.02% (2019: 24.02%) equity interest of the issued share capital of Asia-Pac. As per extraordinary general meeting held on 24 July 2020, the shareholders of Asia-Pac approved the proposed share consolidation of every two (2) issued and unissued shares with par value of HK$0.01 each in the share capital of the Company into one (1) consolidated share with par value of HK$0.2 by ordinary resolution.

Asia-Pac, was incorporated in the Cayman Islands with limited liability and its shares are listed on the GEM of the Stock Exchange. Asia-Pac, is an investment holding company while the principal activities of its subsidiaries are provision of asset advisory service and asset appraisal, provision of corporate services and consultancy services, provision of media advertising and provision of financial services.

The market value of the investment in Asia-Pac as at 31 December 2020 was determined based on quoted market prices on the Stock Exchange amounted to HK$4,060,000.

Summarised financial information of Asia-Pac

Summarised financial information in respect of Asia-Pac is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

18. INTEREST IN AN ASSOCIATE (CONTINUED)

	2020 HK$'000	2019 HK$'000
Current assets	155,916	101,291
Non-current assets	104,772	189,693
Current liabilities	(125,993)	(73,011)
Non-current liabilities	(849)	(62,587)
Revenue	43,655	53,063
Loss for the year	(71,107)	(89,338)
Total comprehensive expenses for the year	(68,550)	(90,287)

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in these consolidated financial statements:

	2020 HK$'000	2019 HK$'000
Net assets of Asia-Pac	106,833	135,433
Proportion of the Group's ownership interest in Asia-Pac	24.02%	24.02%
	25,656	32,525
Goodwill on acquisition of interest in Asia-Pac	27,666	27,666
Impairment loss recognised	(49,262)	(22,391)
Carrying amount of the Group's interest in Asia-Pac	4,060	37,800

19. INVESTMENT IN EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
Unlisted equity shares: Hong Kong, at fair value	–	4,134

As at 31 December 2020 and 2019, the Group held a total of 38% of the issued ordinary share capital of Merit Advisory Limited ("Merit Advisory"), which is an investment holding company holding the entire issued ordinary share capital of a Hong Kong incorporated company which engaged in the business of investor relations in Hong Kong. This investment is measured at fair value by using discounted cash flow valuation method. Merit Advisory is not regarded as an associate of the Group because the Group has less than one-fifth of the voting power of Merit Advisory under relevant contractual arrangement with other investors and the Group has no right to appoint directors of Merit Advisory.

20. AMOUNTS DUE FROM/TO A JOINT VENTURE/RELATED PARTIES

	Notes	2020 HK$'000	2019 HK$'000
Non-trading in nature:			
Amounts due from related companies	(i)	6,998	18,461
Amount due from a joint venture (non-current)	(ii)	–	4,941
Amounts due to related companies	(i)	59,216	37,984
Amount due to a joint venture (current)	(iii)	9,153	7,359

Notes:

(i) The related companies are companies which Mr. Zhang Zhifang, a director of the Company, and certain directors of certain subsidiaries, have interests and may exercise control or significant influence over these companies. The amounts due from/to related companies are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the amount is expected to be recovered within twelve months at the end of reporting period and therefore classified as current asset. The maximum outstanding amount due from related companies during the year was approximately HK$18,461,000 (2019: approximately HK$18,461,000).

(ii) The entire balance represents amounts due from a joint venture that are non-interest bearing, unsecured and repayable on demand. As at 31 December 2019, the amount is expected to be recovered after twelve months at that date and therefore classified as non-current.

(iii) The amounts are unsecured, non-interest bearing and repayable on demand.

21. RIGHT-OF-USE ASSETS

	Leasehold properties
Cost:	
At 1 January 2019	3,055
Addition	4,483
Exchange realignment	(60)
At 31 December 2019 and 1 January 2020	7,478
Additions	15,090
Written-off	(2,672)
Exchange realignment	42
At 31 December 2020	19,938
Accumulated depreciation and impairment:	
At 1 January 2019	–
Charge for the year	3,361
Exchange realignment	(21)
At 31 December 2019 and 1 January 2020	3,340
Charge for the year	4,827
Written-off	(2,672)
Impairment	14,053
Exchange realignment	23
At 31 December 2020	19,571
Carrying amount:	
At 31 December 2020	367
At 31 December 2019	4,138

22. ACCOUNTS RECEIVABLE

	2020 HK$'000	2019 HK$'000
Accounts receivable arising from the business of provision of advertising agency services and sales of books and magazines	12,521	14,517
– less: allowance for expected credit loss ("ECL")	(250)	(4,171)
	12,271	10,346
Accounts receivable arising from the business of dealing in securities:		
Cash client	174,968	161,501
– less: allowance for ECL	(57,657)	(30,158)
	117,311	131,343
Accounts receivable arising from the business of e-commerce platform services and sales of related goods	5,540	11,303
– less: allowance for ECL	(943)	(2,643)
	4,597	8,660
	134,179	150,349

Provision of advertising agency services and sales of books and magazines

Credit period granted by the Group to customers for both provision of advertising agency services and sales of books and magazines are not more than three months from the date of recognition of the sale.

The aging analysis of the Group's accounts receivable arising from the provision of advertising agency services and sales of books and magazines net of allowance for doubtful debts, presented based on date of advertising agency services provided or magazines issued, which approximate the date of revenue recognition is as follows:

	2020		2019	
	HK$'000	%	HK$'000	%
Less than three months	11,964	97	6,600	64
Three months to six months	170	1	1,902	18
Over six months to one year	99	1	1,844	18
Over than one year	38	1	–	–
	12,271	100	10,346	100

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly. Management considers the customers neither past due nor impaired are of good credit quality based on repayment history of respective customers.

22. ACCOUNTS RECEIVABLE (CONTINUED)

Business of dealing in securities

The credit period for the business of dealing in securities with the settlement terms of cash clients are usually one to two days after the trade date.

The Group seeks to maintain tight control over its outstanding accounts receivable of securities broking business in order to minimise credit risk. Outstanding balances are regularly monitored by management. The management ensures that the listed equity securities belonged to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

The receivables of cash client are repayable on demand subsequent to settlement date and carry interest at Hong Kong Prime rate plus 3% per annum.

No ageing analysis is disclosed, as in opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of the business of dealing in securities.

Provision of e-commerce platform services and sales of related goods

The aging analysis of the Group's accounts receivable arising from the provision of e-commerce platform services and sales of related goods, presented based on date of service provided and the goods sold, which approximate the date of revenue recognition is as follows:

	2020 HK$'000	2019 HK$'000
Less than three months	1,618	2,969
Three months to six months	784	1,994
Over six months to one year	1,923	2,500
Over one year	272	1,197
	4,597	8,660

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit ratings attributed to customers are reviewed regularly.

23. LOAN RECEIVABLES

Loan receivables carried fixed interest rates ranging from 8% to 10% and will be repaid in accordance with the terms of the loan agreements.

	2020 HK$'000	2019 HK$'000
Loan receivables	226,884	214,130
– less: allowance for ECL	(44,476)	(16,840)
	182,408	197,290
Analysed as		
Secured	120,926	151,718
Unsecured	61,482	45,572
	182,408	197,290

23. LOAN RECEIVABLES (CONTINUED)

Loan receivables are analysed by the remaining period to contractual maturity date as follows:

	2020 HK$'000	2019 HK$'000
Overdue	17,749	21,540
Less than three months	16,841	18,964
Three months to six months	64,160	58,625
Over six months to one year	83,658	98,161
	182,408	197,290

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 HK$'000	2019 HK$'000
Advance to staffs	2,984	2,226
Prepayment	11,958	28,728
Rental deposits	2,147	2,522
Other tax prepayment	5,246	2,367
Others	21,662	22,110
	43,997	57,953
Less: Deposits (shown under non-current assets)	(1,284)	–
	42,713	57,953

Details of impairment assessment of other receivables are set out in note 35.

25. HELD-FOR-TRADING INVESTMENTS

	2020 HK$'000	2019 HK$'000
Held-for-trading investments include:		
Listed securities:		
– Equity securities listed in Hong Kong	36,137	17,307

Held-for-trading investments as at 31 December 2020 and 2019 represent equity securities listed in the Stock Exchange. The fair values of the investments are determined based on the quoted market bid price available on the Stock Exchange. The fair value of held-for-trading investments was classified as Level 1 of the fair value hierarchy.

The Group has pledged certain held-for-trading investments with carrying amount of approximately HK$17,241,000 (2019: approximately HK$16,946,000), to secure the borrowing as disclosed in note 29.

26. BANK BALANCES AND CASH AND CASH EQUIVALENTS

Included in the bank balances (general accounts) and cash and cash equivalents, there are short-term deposits of approximately HK$3,200,000 (2019: approximately HK$3,685,000) placed in various brokers' accounts. There is no restrictions in the use of these balances.

The Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payables (Note 27) to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

27. ACCOUNTS PAYABLE

	2020 HK$'000	2019 HK$'000
Accounts payable arising from the provision of advertising agency service and sales of books and magazines	16,708	8,809
Accounts payable arising from the securities broking business		
– Cash clients	22,429	12,508
– Hong Kong Securities Clearing Company Limited	1,552	–
Accounts payable arising from the provision of e-commerce platform service and sales of related goods	1,557	4,970
	42,246	26,287

Provision of adverting agency services and sales of books and magazines

The aging analysis of the Group's accounts payables arising from the provision of advertising agency services and sales of books and magazines presented based on the invoice date at the end of the reporting period is as follows:

	2020		2019	
	HK$'000	%	HK$'000	%
Less than three months	10,688	64	1,178	13
Three months to six months	1,399	8	2,084	24
Over six months to one year	549	3	540	6
Over one year	4,072	25	5,007	57
	16,708	100	8,809	100

The average credit period granted by accounts payables is 90 days (2019: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Business of dealing securities

The balance of accounts payable arising from the securities broking business are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

27. ACCOUNTS PAYABLE (CONTINUED)

Business of dealing securities (Continued)

As at 31 December 2020, the accounts payable amounting to approximately HK$22,429,000 (2019: approximately HK$12,508,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Provision of e-commence platform services and sales of related goods

The aging analysis of the Group's accounts payable arising from the provision of e-commerce platform service and sales of related goods presented based on the invoice date at the end of the reporting period is as follows:

	2020		2019	
	HK$'000	%	HK$'000	%
Less than three months	253	16	1,363	27
Three months to six months	252	16	3,607	73
Over six months to one year	518	34	–	–
Over one year	534	34	–	–
	1,557	100	4,970	100

The average credit period granted by accounts payables is 61 days (2019: 61 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

28. OTHER PAYABLES AND ACCRUALS

	2020 HK$'000	2019 HK$'000
Contract liabilities	17,404	37,356
Accrued office and rental expenses	2,123	2,559
Advertising fee payable	600	1,600
Others	43,558	81,154
	63,685	122,669

29. BORROWINGS

	2020 HK$'000	2019 HK$'000
Margin payables	25,495	23,536

As at 31 December 2020, margin financing from a regulated securities broker was granted to the Group which were secured by the Group's held-for-trading investments. Amount of margin payables of approximately HK$25,495,000 (2019: approximately HK$23,536,000) as at 31 December 2020 had been utilised against these facilities and the total carrying amount of the held-for-trading investments charged to the securities broker was approximately HK$17,241,000 (2019: approximately HK$16,946,000).

30. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	2020 HK$'000	2019 HK$'000
Current	3,984	3,495
Non-current	10,011	401
	13,995	3,896

	Minimum lease payment		Present value of lease payment	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Minimum lease payment due:				
– Within one year	4,463	3,601	3,984	3,495
– More than one year but not more than two years	4,099	383	3,773	374
– More than two years but not more than five years	6,445	27	6,238	27
	15,007	4,011	13,995	3,896
Future finance charges	(1,012)	(115)		
Present value of lease liabilities	13,995	3,896		
Present value of lease liabilities				
Amounts due for settlement within one year (shown under current liabilities)			(3,984)	(3,495)
Amounts due for settlement after one year			10,011	401

The Group leases office premises for operation and these lease liabilities were measured at the present value of the lease payment that are not yet paid. All leases are entered at fixed prices.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Extension options are not involved in lease agreements entered by the Group.

The total cash outflows for leases including the payments of lease liabilities for the year ended 31 December 2020 was approximately HK$7,410,000 (2019: HK$7,890,000).

31. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Fair value adjustment arising from acquisition of subsidiaries
	HK$
At 1 January 2019	4,735
Charge for the year	(1,097)
Exchange realignment	(87)
At 31 December 2019	3,551
Credit for the year	(3,311)
Exchange realignment	(240)
At 31 December 2020	–

At the end of the reporting period, the Group has deductible temporary difference of approximately HK$21,254,000 (2019: HK$9,414,000) arising from ECL provision, right-of-use assets and property, plant and equipment. No deferred tax assets have been recognised in relation to such deductible temporary differences as it not probate that tax profit will be available against which the deductible temporary difference can be utilised.

32. SHARE CAPITAL

	Number of shares	Amount
	’000	HK$’000
Authorised		
At 1 January 2019, 31 December 2019 and 1 January 2020		
– ordinary shares of HK$0.1 each	10,000,000	1,000,000
Share consolidation	(9,500,000)	–
Share sub-division	99,500,000	–
At 31 December 2020, ordinary shares of HK$0.01 each	100,000,000	1,000,000
Issued and fully paid		
At 1 January 2019, 31 December 2019 and 1 January 2020		
– ordinary shares of HK$0.1 each	6,373,546	637,354
Share consolidation	(6,054,869)	–
Capital reduction	–	(634,168)
Issue of new shares	63,730	638
At 31 December 2020 – ordinary shares of HK$0.01 each	382,407	3,824

All the issued shares rank pari passu in all respects including all rights as to dividends, voting rights and return of capital.

32. SHARE CAPITAL (CONTINUED)

Pursuant to an special resolution passed by the shareholders of the Company at the special general meeting of the Company held on 28 April 2020, a capital reorganisation ("Capital Reorganisation") was approved with effect from 4 May 2020 which:

(1) Share consolidation ("Share Consolidation")

Every 20 issued and unissued existing shares of par value of HK$0.10 each in the share capital of the Company was consolidated into 1 consolidated share of par value of HK$2.00 each.

(2) Capital reduction ("Capital Reduction")

The Capital Reduction was effected immediately upon the Share Consolidation becoming effective, pursuant to which (i) the total number of consolidated shares in the issued share capital of the Company immediately following the Share Consolidation was rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation; and (ii) the par value of each of the then issued consolidated shares was reduced from HK$2.00 to HK$0.01 by cancelling the paid-up capital of the Company to the extent of HK$1.99 on each of the then issued consolidated shares. The credits arising from (a) such reduction of the paid up capital; and (b) the cancellation of any fractional consolidated share in the issued share capital of the Company arising from the Share Consolidation was applied towards setting off the accumulated losses of the Company as at the effective date of the Capital Reorganisation, the excess of which (if any) was credited to the contributed surplus account of the Company within the meaning of the the Companies Act 1981 of Bermuda.

(3) Share sub-division

Immediately following the Capital Reduction, each of the authorised but unissued consolidated shares of par value of HK$2.00 each was sub-divided into 200 new shares of par value of HK$0.01 each.

(4) Issue of new shares ("Placing")

On 15 July 2020, a total of 63,730,000 new shares were issued through placing at the placing price of HK$0.11 per share.

Details of the Capital Reorganisation and Placing are disclosed in the announcement of the Company dated 2 March 2020 and 22 June 2021, respectively.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 1 January 2019	23,710	3,055	26,765
New lease entered	–	4,488	4,488
Changes from financing cash flows	(2,000)	(3,845)	(5,845)
Interest expenses	1,826	235	2,061
Exchange differences	–	(37)	(37)
A 31 December 2019 and 1 January 2020	23,536	3,896	27,432
New lease entered	–	15,090	15,090
Changes from financing cash flows	(67)	(5,303)	(5,370)
Exchange differences	–	18	18
Interest expenses	2,026	294	2,320
At 31 December 2020	25,495	13,995	39,490

34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

A subsidiary of the Company is regulated by the Hong Kong Securities and Futures Commission ("SFC") and is required to comply with the financial resources requirements according to the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The Group's regulated entity is subject to minimum paid-up share capital requirements and liquid capital requirements under the SF(FR)R. Management closely monitors, on a daily basis, the liquid capital level of these entities to ensure compliance with the minimum liquid capital requirements under the SF(FR)R.

35. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Equity investment at FVTOCI:		
Unlisted equity securities	–	4,134
Held-for-trading investments at FVTPL:		
Listed equity securities	36,137	17,307
Financial assets at amortised cost:		
Accounts receivable	134,179	150,349
Loan receivables	182,408	197,290
Amount due from a joint venture	–	4,941
Amounts due from related companies	6,998	18,461
Other receivables and deposits	26,793	24,632
Bank balances (trust and segregated accounts)	22,429	12,508
Bank balances (general accounts) and cash and cash equivalents	57,310	73,442
	430,117	481,623
	466,254	503,064
Financial liabilities		
Financial liabilities at amortised cost:		
Accounts payable	42,246	26,287
Other payables and accruals	46,281	85,313
Amount due to a joint venture	9,153	7,359
Amounts due to related companies	59,216	37,984
Borrowings	25,495	23,536
	182,391	180,479

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. 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.

Foreign currency risk

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of relevant group entities, including RMB and HK$.

The functional currencies of the Group's principal subsidiaries are RMB and HK$. Most of the Group's operations are transacted in the functional currency of the respective group entities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and may enter into certain forward foreign exchange contracts, when necessary, to manage its exposure against RMB and HK$ and to mitigate the impact on exchange rate fluctuations. During the years ended 31 December 2020 and 31 December 2019, no forward foreign exchange contracts had been entered into by the Group.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Foreign currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Hong Kong dollar	1,139	1,142	179,135	112,950

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in HK$ against RMB5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2019: 5%) change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender. A positive number below indicates an increase in post-tax loss and other equity where RMB strengthen 5% (2019: 5%) against the relevant currency. For a 5% (2019: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the loss and other equity and the balances below would be negative.

	Hong Kong dollar impact	
	2020 HK$'000	2019 HK$'000
Loss for the year	8,900	5,590

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to cash clients receivables (see note 22) and borrowings (see note 29).

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposures on an ongoing basis and will consider hedging the interest rate should the need arises.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for cash clients receivables and borrowings at the end of the reporting period. The sensitivity analysis is prepared assuming the variable-rate financial instruments outstanding at the end of the reporting period were outstanding for the whole year.

As at 31 December 2020, if the interest rate had been 10 basis points (2019: 10 basis points) higher/lower and all other variables were held constant, the Group's loss after taxation would decrease/increase by HK$92,000 (2019: HK$108,000).

Price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Price risk (Continued)

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower, post-tax loss for the year ended 31 December 2020 would decrease/increase by approximately HK$1,807,000 (2019: approximately HK$865,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to accounts receivable, loan receivables, amounts due from related companies/a joint venture, other receivables, deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with certain loan receivables is mitigated because they are secured with collaterals.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Accounts receivable

The Group has concentration of credit risk as 18% (2019: 15%) and 58% (2019: 49%) of the total accounts receivable was due from the Group's largest customer and the five largest customers respectively within securities broking services business. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on account balances individually or based on provision matrix. Except for cash client, which are assessed for impairment individually, the remaining accounts receivable is grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure for the new customers. Impairment of approximately HK$25,585,000 (2019: approximately HK$20,035,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Loan receivables

The directors of the Company estimate the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment by the directors of the Company, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the amount of impairment made.

Bank balances and cash and cash equivalents

Credit risk on bank balances and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balances and cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies.

Other receivables and deposits

For other receivables and deposits, the directors of the Company make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For the year ended 31 December 2020 and 2019, The Group provided impairment on other receivables and deposits based on 12m ECL. Details of the quantitative disclosures are set out below in this note.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Credit risk and impairment assessment (Continued)

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

Internal credit rating	Description	Accounts receivable	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired (except for cash clients) 12m ECL (cash clients)	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

	Note	External credit rating	Internal credit rating	12m or lifetime ECL	2020 Gross carrying amount HK$'000	HK$'000	2019 Gross carrying amount HK$'000	HK$'000
Financial assets at amortised cost								
Amount due from a joint venture	20	N/A	note 1	12m ECL	–	–	4,941	4,941
Accounts receivable (except for cash clients)	22	N/A	note 2	Lifetime ECL (provision matrix)	18,061	18,061	25,820	25,820
Accounts receivable for cash clients	22	N/A	Low risk	12m ECL	2,531		4,933	
			Doubtful	Lifetime ECL (not credit-impaired)	120,941		156,568	
			Loss	Lifetime ECL (credit-impaired)	51,496	174,968	–	161,501
Loan receivables	23	N/A	Low risk	12m ECL	30,321		127,912	
			Doubtful	Lifetime ECL (not credit-impaired)	182,415		86,218	
			Loss	Lifetime ECL (credit-impaired)	14,148	226,884	–	214,130
Amounts due from related companies	20	N/A	note 1	12m ECL	6,998	6,998	18,461	18,461
Other receivables and deposits	24	N/A	note 1	12m ECL	35,446	35,446	24,772	24,772
Bank balances (trust and segregated accounts)	26	A1	N/A	12m ECL	22,249	22,249	12,508	12,508
Bank balances (general accounts)	26	BBB or above	N/A	12m ECL	57,310	57,310	73,442	73,442

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Credit risk and impairment assessment (Continued)

Notes:

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

2020

	Past due HK$'000	Not past due/ No fixed repayment terms HK$'000	Total HK$'000
Amounts due from related companies	–	6,998	6,998
Other receivables and deposits	–	26,793	26,793
	–	33,791	33,791

2019

	Past due HK$'000	Not past due/ No fixed repayment terms HK$'000	Total HK$'000
Amount due from a joint venture	–	4,941	4,941
Amounts due from related companies	–	18,461	18,461
Other receivables and deposits	–	24,632	24,632
	–	48,034	48,034

2. For accounts receivable (except for cash clients), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by past due status.

   As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its advertising service, sales of books and magazines and e-commerce platform service and sales of related goods operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for accounts receivable which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Gross carrying amount

	2020		2019	
	Average loss rate	Accounts receivable HK$'000	Average loss rate	Accounts receivable HK$'000
Current (not past due)				
1-30 days past due	3.25%-4.58%	4,601	1.72%-2.88%	4,293
31-60 days past due	3.55%-4.98%	4,559	2.17%-2.88%	4,172
61-90 days past due	3.88%-5.42%	4,608	2.72%-4.42%	1,180
More than 90 days past due	5.14%-100%	4,293	5.32%-100%	16,175
		18,061		25,820

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for accounts receivable (expect for cash clients) under the simplified approach.

	Lifetime ECL (non credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2019	9,096	–	9,096
Impairment losses reversed, net	(594)	–	(594)
Transfer to credit-impaired	(1,474)	1,474	–
Amounts written off as uncollectible	–	(1,474)	(1,474)
Exchange realignment	(214)	–	(214)
At 31 December 2019 and 1 January 2020	6,814	–	6,814
Impairment losses reversed, net	(1,914)	–	(1,914)
Transfer to credit-impaired	(3,804)	3,804	–
Amounts written off as uncollectible	–	(3,804)	(3,804)
Exchange realignment	97	–	97
At 31 December 2020	1,193	–	1,193

The following table shows reconciliation of loss allowance that has been recognised for accounts receivable for cash clients.

	Stage 1 12m ECL HK$'000	Stage 2 Lifetime ECL (not credit-impaired) HK$'000	Stage 3 Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2019	–	11,065	–	11,065
Impairment losses recognised, net	–	19,093	–	19,093
At 31 December 2019 and 1 January 2020	–	30,158	–	30,158
Impairment losses recognised, net	14	1,784	25,701	27,499
Transfer to credit-impaired	–	(8,317)	8,317	–
At 31 December 2020	14	23,625	34,018	57,657

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Credit risk and impairment assessment (Continued)

The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the accounts receivable are over two years past due, whichever occurs earlier.

The following table shows reconciliation of loss allowances that has been recognised for loan receivables:

	Stage 1 12m ECL HK$'000	Stage 2 Lifetime ECL (non-credit-impaired) HK$'000	Stage 3 Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2019	11,387	–	–	11,387
Transfer to lifetime ECL	(5,068)	5,068	–	–
Impairment losses recognised, net	(4,813)	10,266	–	5,453
At 31 December 2019 and 1 January 2020	1,506	15,334	–	16,840
Impairment losses recognised, net	243	15,970	11,423	27,636
Transfer to lifetime ECL	(1,469)	1,469	–	–
At 31 December 2020	**280**	**32,773**	**11,423**	**44,476**

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	Lifetime ECL (non-credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2019	–	–	–
Impairment losses recognised	140	–	140
At 31 December 2019 and 1 January 2020	140	–	**140**
Impairment losses recognised	**8,523**	–	**8,523**
Exchange realignment	**(10)**	–	**(10)**
At 31 December 2020	**8,653**	–	**8,653**

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest (based on interest rate at the end of the reporting period) and principal cash flows.

	Weighted average interest rate %	Repayable on demand or within 1 year HK$'000	1-2 year HK$'000	2-5 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2020 HK$'000
2020						
Non-derivative financial liabilities						
Accounts payable	–	42,246	–	–	42,246	42,246
Other payables	–	46,281	–	–	46,281	46,281
Amounts due to related companies	–	59,216	–	–	59,216	59,216
Amount due to a joint venture	–	9,153	–	–	9,153	9,153
Lease liabilities	3.79-7.73%	4,463	4,099	6,445	15,007	13,995
Borrowings	8%	25,495	–	–	25,495	25,495
		186,854	4,099	6,445	197,398	196,386

	Weighted average interest rate %	Repayable on demand or within 1 year HK$'000	1-2 year HK$'000	2-5 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2019 HK$'000
2019						
Non-derivative financial liabilities						
Accounts payable	–	26,287	–	–	26,287	26,287
Other payables	–	82,754	–	–	82,754	82,754
Amounts due to related companies	–	37,984	–	–	37,984	37,984
Amount due to a joint venture	–	7,359	–	–	7,359	7,359
Lease liabilities	3.79%-7.73%	3,601	383	27	4,011	3,896
Borrowings	8%	23,536	–	–	23,536	23,536
		181,521	383	27	181,931	181,816

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3: Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 December 2020				
Investment in equity instrument at fair value through other comprehensive income	–	–	–	–
Held-for-trading investments	36,137	–	–	36,137
	36,137	–	–	36,137
At 31 December 2019				
Investment in equity instrument at fair value through other comprehensive income	–	–	4,134	4,134
Held-for-trading investments	17,307	–	–	17,307
	17,307	–	4,134	21,441

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price is the current bid price. These instruments are included in level 1 which comprise primarily equity investments classified as held-for-trading investments. The Group's held-for-trading investments are level 1 instruments and their fair values are determined by the quoted prices in the market.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group did not have such instrument as at 31 December 2020.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group's investment in equity instrument at fair value through other comprehensive income is level 3 instrument. The fair value is estimated using discounted cash flow valuation method.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	2020 HK$'000	2019 HK$'000			
Held-for-trading investments	36,137	17,307	Level 1	Quoted bid prices in an active market.	N/A
Investment in equity instrument at fair value through other comprehensive income	–	4,134	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of this investee, based on an appropriate discount rate.	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, at 2% (2019: 3%) (Note 1) Discount rate, taking into account weighted average cost of capital (WACC) determined using a Capital Asset Pricing Model, at 17% (2019: 12%) (Note 2) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, at 20.6% (2019: 20.6%).

Note 1: A increase in the long-term revenue growth rates used in isolation would result in an increase in the fair value measurement of the investment in equity instrument at fair value through other comprehensive income, and vice versa.

Note 2: A increase in the discount rate used in isolation would result in an decrease in the fair value measurement of the investment in equity instrument at fair value through other comprehensive income, and vice versa.

There were no transfers between Level 1 and 2 during the year.

35. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation of Level 3 fair value measurements

	Investment in equity instrument at fair value through other comprehensive income HK$'000
At 1 January 2019	9,500
Total losses:	
– in profit or loss	–
– in other comprehensive income	(5,366)
At 31 December 2019 and 1 January 2020	4,134
Total losses:	
– in profit or loss	–
– in other comprehensive income	(4,134)
At 31 December 2020	–

Included in other comprehensive income is a loss of approximately HK$4,134,000 (2019: HK$5,366,000) relating to unlisted equity securities classified as equity instruments at fair value through other comprehensive income held at 31 December 2020 and is reported as changes of "FVTOCI reserve".

36. SHARE OPTION SCHEMES

Equity-settled share option scheme

The Company operates a share option scheme adopted on 11 May 2012 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the operations of the Group and to enable the Group to recruit high calibre employees and attract resources that are valuable to the Group. Eligible participants of the Share Option Scheme include any employee (including executive directors), officer (including non-executive directors and independent non-executive directors), consultant, agent, professional adviser, customer, business partner, joint venture partner, strategic partner, landlord or tenant of, or any supplier or provider of goods or services to the Group, or any trustee of a discretionary trust to which one or more beneficiaries belong to any of the above-mentioned categories of persons. The Share Option Scheme became effective on 11 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Company's shares in issue at any time. At 31 December 2020, the number of shares issuable under share options granted under the Share Option Scheme was 63,660,000, which represented approximately 16.6% of the Company's shares in issue as at that date. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$10 in total by the grantee. An option may be exercised under the Share Option Scheme at any time from the vested date to the fifth anniversary from the grant date of the option.

36. SHARE OPTION SCHEMES (CONTINUED)

Equity-settled share option scheme (Continued)

The exercise price of the share options is determinable by the directors, but must not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of an ordinary share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following tables disclose details of the Company's share options held by employees and consultants of the Group and movement in such holdings during the year:

Share Option Scheme

					Number of share options						
Grantees	Date of grants	Exercise price per share HK$	Exercise period	Notes	Outstanding at 1 January 2019	Granted during the year	Outstanding at 31 December 2019	Forfeited during the year	Granted during the year	Adjustment on the number of share options upon the share consolidation with effect from 4 May 2020	Outstanding at 31 December 2020
Executive Directors											
Li Leong	20 May 2020	0.176	20 May 2020 to 19 May 2025	(1)	–	–	–	–	4,770,000	–	4,770,000
Li Xi	20 May 2020	0.176	20 May 2020 to 19 May 2025	(1)	–	–	–	–	4,770,000	–	4,770,000
Zhou Hongtao	20 May 2020	0.176	20 May 2020 to 19 May 2025	(1)	–	–	–	–	4,770,000	–	4,770,000
Li Zhen	20 May 2020	0.176	20 May 2020 to 19 May 2025	(1)	–	–	–	–	4,770,000	–	4,770,000
Consultants in aggregate	27 July 2017	0.660	27 July 2017 to 26 July 2022	(2)	637,200,000	–	637,200,000	(637,200,000)	–	–	–
Employees in aggregate	17 April 2019	2.000	17 April 2019 to 16 April 2024	(3)	–	637,200,000	637,200,000	–	–	(605,340,000)	31,860,000
	20 May 2020	0.176	20 May 2020 to 19 May 2025	(1)	–	–	–	–	12,720,000	–	12,720,000
					637,200,000	637,200,000	1,274,400,000	(637,200,000)	31,800,000	(605,340,000)	63,660,000

Notes:

(1) The share options granted on 20 May 2020 were fully vested immediately on 20 May 2020. No option was exercised during the year ended 31 December 2020.

(2) The share options granted on 27 July 2017 were fully vested immediately on 27 July 2017. No option was exercised during the year ended 31 December 2020 and 31 December 2019. 637,000,000 options were forfeited during the year ended 31 December 2020. The exercise price of share option are adjusted after share consolidation of the Company became effective on 4 May 2020.

(3) The share options granted on 17 April 2019 were fully vested immediately on 17 April 2019. No option was exercised during the six months ended 31 December 2020 and 31 December 2019. The exercise price of share options are adjusted after share consolidation of the Company became effective on 4 May 2020.

(4) No option was exercised during the years ended 31 December 2020 and 2019.

(5) As at 31 December 2020, the number of shares issuable under the share options granted under the Share Option Scheme was 63,660,000.

36. SHARE OPTION SCHEMES (CONTINUED)

Equity-settled share option scheme (Continued)

Share Option Scheme (Continued)

During the year ended 31 December 2020, options were granted on 20 May 2020. The estimated fair values of the options granted on that date is approximately HK$2,659,000. During the year ended 31 December 2019, options were granted on 17 April 2019. The estimated fair values of the options granted on that date is approximately HK$4,206,000.

These fair values were calculated using the Binomial model. The inputs into the model were as follows:

	20 May 2020	17 April 2019
Share price	HK$0.152	HK$0.025*
Exercise price	HK$0.176	HK$0.100*
Expected volatility	95%	105%
Risk-free rate	0.341%	1.595%
Expected dividend yield	0%	0%

* The inputs did not reflect the impact of share consolidation on 4 May 2020.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of HK$2,659,000 for the year ended 31 December 2020 (2019: HK4,206,000) in relation to share options granted by the Company.

37. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in independently administrated funds. The Group has complied with the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income.

The employees of the subsidiaries in the PRC are members of the pension schemes operated by the PRC government. The relevant PRC subsidiaries are required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligations of the relevant PRC subsidiaries with respect of the pension scheme are the required contributions under the pension scheme.

The total expense recognised in profit or loss of approximately HK$945,000 (2019: approximately HK$2,903,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

38. RELATED PARTY TRANSACTIONS

Apart from balances with related parties and related terms disclosed in consolidated statement of financial position and note 20, the Group had following related party transactions:

	2020 HK$'000	2019 HK$'000
Referral commissions received from a related party	3,692	–
Advertising services income received from related parties	10,483	–
Advertising service fee paid to a related party	674	–
Office rental expenses paid to a related party	119	649

Note 1: Mr. Zhang Zhifang (a director of the Company and director of certain subsidiaries), and certain directors of the subsidiaries who through their shareholdings and directorship in these related parties or the holding companies of these related parties, collectively might control the holding companies and might have controlling interest in these related parties.

Note 2: These transactions are entered into at terms agreed with the relevant related parities.

Key management compensation

During the years ended 31 December 2020 and 2019 only directors considered as key management of the Group, the directors' emoluments were disclosed in note 11.

The remuneration of key management personnel is determined by Board of Directors, having regard to the performance, responsibilities and experience of the individuals and market trends.

39. EVENTS AFTER REPORTING PERIOD

The Company is indirectly interested (through Laberie Holdings Limited ("Laberie"), a wholly-owned subsidiary) in 70,000,000 shares of Asia-Pac Financial Investment Company Limited ("Asia-Pac"), representing approximately 24.02% of the shares of Asia-Pac in issue as at 31 December 2020.

Pursuant to a letter of irrevocable undertaking (the "Irrevocable Undertaking") executed by the Company on 5 November 2020 in favour of Asia-Pac, Laberie has irrevocably undertaken to take up all of the assured entitlements of 210,000,000 Asia-Pac rights shares in respect of 70,000,000 shares of Asia-Pac beneficially owned by Laberie as at the date of the Irrevocable Undertaking pursuant to the terms of the issue of Asia-Pac by way of rights of three (3) Asia-Pac rights shares for every one (1) share of Asia-Pac in issue at the subscription price of HK$0.05 per Asia-Pac rights share (the "Asia-Pac Rights Issue") provided that the total number of Asia-Pac rights shares to be subscribed by Laberie under the Asia-Pac Rights Issue will be scaled down to the extent that Laberie will not trigger a general offer obligation in accordance to the note to Rule 10.26(2) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Asia-Pac Right Issues was completed in February 2021 and Laberie subscribed 210,000,000 Asia-Pac rights shares for an aggregate consideration of HK$10,500,000. Immediately after the completion of Asia-Pac Right Issues, Laberie held 280,000,000 shares in Asia-Pac, representing approximately 24.02% of the shares of Asia-Pac in issue.

40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2020 and 2019 are as follows:

Name of company	Place of incorporation and operation	Paid up registered capital	Class of shares held	Proportion of ownership interest and voting power held by the Company				Principal activity
				Directly		Indirectly		
				2020 %	2019 %	2020 %	2019 %	
BeijingCaixun Century Advertising Co., Ltd. *	The PRC	RMB10,000,000 Limited liability company	Registered	100	100	–	–	Advertising agent
Beijing Caixun Culture and Media Co., Ltd. **	The PRC	RMB5,000,000 Limited liability company	Registered	–	–	100	100	Advertising agent and books and magazines distributor
Beijing Jingzheng Ronglian Advertising Company Limited **	The PRC	RMB2,000,000 Limited liability company	Registered	–	–	100	100	Advertising agent
Beijing Le Hua Jiu Fang Advertising Co., Ltd ("Beijing Le Hua Jiu Fang") **	The PRC	RMB5,050,504 Limited liability company	Registered	–	–	71.28	71.28	Advertising agent
Beijing SEEC Book and Press Distribution Co., Ltd. **	The PRC	RMB5,000,000 Limited liability company	Registered	–	–	100	100	Books and magazines distributor
China Asset Credit Limited	Hong Kong	HK$1 Limited company	Ordinary	–	–	70	70	Money lending services
China Prospect Securities Limited	Hong Kong	HK$265,000,000 Limited company	Ordinary	–	–	100	100	Provision of securities broking services
Grace Tech Development Limited	Hong Kong	HK$10,000 Limited company	Ordinary	–	–	100	100	Provision of e-commerce platform services
Tech Field Holdings Limited	Hong Kong	HK$10,000 Limited company	Ordinary	–	–	100	100	Provision of e-commerce platform services and sale of related goods
Honor Fame Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	100	100	–	–	Investment holding
Laberie Holdings Limited	British Virgin Islands/ Hong Kong	US$10 Limited company	Ordinary	100	100	–	–	Investment holding
Shenzhen Caixun Advertising Co., Ltd. **	The PRC	RMB1,000,000 Limited liability company	Registered	–	–	100	100	Advertising agent
Shanghai Caixun Advertising Co., Ltd. **	The PRC	RMB1,000,000 Limited liability company	Registered	100	100	–	–	Advertising agent
Superfort Management Corp.	British Virgin Islands/ Hong Kong	US$100 Limited company	Ordinary	100	100	–	–	Investment holding
Well Dynamic Group Limited	British Virgin Islands/ Hong Kong	US$1 Limited company	Ordinary	–	–	100	100	Investment holding
Wingate Holdings Limited	Samoa/Hong Kong	US$10,000 Limited company	Ordinary	–	–	70	70	Investment holding

* Wholly foreign owned enterprises

** Private Limited Liability companies

None of the subsidiaries had issued any debt securities at the end of the year.

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed term of repayment.

40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any debt securities outstanding during the year or at the end of the year.

(a) General information of subsidiaries

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Beijing Le Hua Jiu Fang	PRC	28.72%	28.72%	2,987	(642)	(5,081)	(6,790)
China Asset Credit Limited	Hong Kong	30%	30%	(8,548)	(3,445)	4,204	12,752
Individually immaterial subsidiary, with non-controlling interests				(1)	(1)	(11)	(9)
				(5,562)	(4,088)	(888)	5,953

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

Summarised financial information in respect of Beijing Le Hua Jiu Fang and China Asset Credit Limited that has material non-controlling interests is set out below. The summarised financial information below requests amount before intragroup eliminations.

Beijing Le Hua Jiu Fang

	2020 HK$'000	2019 HK$'000
Current assets	7,165	2,310
Non-current assets	7	15
Current liabilities	(24,868)	(29,338)
Equity attributable to owners of the Company	(17,696)	(27,013)

40. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Continued)

Beijing Le Hua Jiu Fang

	2020 HK$'000	2019 HK$'000
Revenue	11,385	843
Profit/(loss) for the year	10,402	(1,272)
Net cash inflow/(outflow) from operating activities	1,093	(197)
Net cash inflow from investing activities	6	3
Net cash inflow	1,099	1,933

China Assets Credit Limited

	2020 HK$'000	2019 HK$'000
Current assets	170,193	175,800
Non-current assets	757	2,161
Current liabilities	(204,542)	(185,454)
Non-current liabilities	(5,885)	–
Equity attributable to owners of the Company	(39,477)	(7,493)

China Assets Credit Limited

	2020 HK$'000	2019 HK$'000
Revenue	14,122	13,460
Loss for the year	(31,983)	(11,484)
Net cash inflow/(outflow) from operating activities	2,819	(24,452)
Net cash outflow from investing activities	(1,000)	–
Net cash (outflow)/inflow from financing activities	(1,000)	12,253
Net cash inflow/(outflow)	819	(12,199)

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investments in subsidiaries	80,049	88,417
Investment in a joint venture	14,303	22,863
Right-of-use assets	164	492
	94,516	111,772
Current assets		
Other receivables and deposits	103	132
Amounts due from subsidiaries	384,373	498,559
Bank balances and cash	1,180	2,184
	385,656	500,875
Current liabilities		
Amounts due to subsidiaries	227,688	228,240
Other payables and accruals	–	3,053
Lease liabilities	144	328
	227,832	231,621
Net current assets	157,824	269,254
Total assets less current liabilities	252,340	381,026
Non-current liabilities		
Lease liabilities	–	144
Net assets	252,340	380,882
Capital and reserves		
Share capital	3,824	637,354
Reserves (Note)	248,516	(256,472)
Total equity	252,340	380,882

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2021 and was signed on its behalf by:

Li Xi *Director*	**Li Leong** *Director*

41. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: Movement in reserves

	Share premium HK$'000	Share options reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	–	3,058	429,374	(582,995)	(150,563)
Loss and total comprehensive expenses for the year	–	–	–	(110,114)	(110,114)
Recognition of equity-settled share-based payment	–	4,205	–	–	4,205
At 31 December 2019	–	7,263	429,374	(693,109)	(256,472)
Loss and total comprehensive expense for the year	–	–	–	(138,036)	(138,036)
Capital reduction	–	–	–	634,168	634,168
Recognition of equity-settled share-based payment	–	2,659	–	–	2,659
Issue of new shares	6,197	–	–	–	6,197
At 31 December 2020	6,197	9,922	429,374	(196,977)	248,516

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000
REVENUE	267,594	319,132	180,413	87,223	80,167
LOSS FROM OPERATIONS	(9,809)	(253,543)	(124,462)	(98,128)	(143,582)
FINANCE COSTS	(1,589)	(1,799)	(1,817)	(2,061)	(2,320)
LOSS BEFORE TAXATION	(11,398)	(255,342)	(126,279)	(100,189)	(145,902)
TAXATION	(4,948)	3,406	1,277	807	2,509
LOSS FOR THE YEAR	(16,346)	(251,936)	(125,002)	(99,382)	(143,393)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	(15,200)	(251,707)	(125,077)	(95,294)	(137,831)
NON-CONTROLLING INTERESTS	(1,146)	(229)	75	(4,088)	(5,562)
	(16,346)	(251,936)	(125,002)	(99,382)	(143,393)

ASSETS AND LIABILITIES

	As at 31 December				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000
TOTAL ASSETS	1,209,745	954,408	759,367	643,273	502,791
TOTAL LIABILITIES	(274,283)	(263,301)	(250,881)	(240,306)	(229,399)
	935,462	691,107	508,486	402,967	273,392