AMBER HILL FINANCIAL HOLDINGS LIMITED
安山金控股份有限公司

(formerly known as China Cloud Copper Company Limited 中國雲銅股份有限公司 and Asia Investment Finance Group Limited 亞投金融集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

The board (the "Board") of directors (the "Directors") of Amber Hill Financial Holdings Limited (the "Company") would like to announce the final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended December 31, 2019, together with the comparative figures for the year ended December 31, 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*3*	**135,613**	66,933
Cost of sales and services		**(105,104)**	(50,556)
Gross profit		**30,509**	16,377
Other revenue and other net gain/(loss)	*4*	**6,625**	(9,821)
Fair value gain on contingent consideration receivables		**54,510**	–
Operating expenses		**(79,193)**	(86,657)
Profit/(Loss) from operations		**12,451**	(80,101)

	Note	2019 HK$'000	2018 HK$'000
Finance costs	*5*	**(15,684)**	(7,428)
Other non-operating expenses			
Loss on deregistration of a subsidiary		**(159)**	–
Share of profit/(loss) of an associate		**5,396**	(4,984)
Loss on disposal of an associate	*14*	**–**	(5,086)
Loss on deconsolidation of subsidiaries	*21*	**(120,156)**	–
Gain on disposal of subsidiaries		**2,616**	–
		(112,303)	(10,070)
Loss before impairment and tax		**(115,536)**	(97,599)
Impairment loss on goodwill	*12*	**(43,235)**	–
Impairment loss on intangible assets	*10*	**(28,681)**	–
Impairment loss on interest in an associate		**(46,445)**	–
Impairment loss on property, plant and equipment		**(294)**	–
Impairment loss on right-of-use assets		**(1,912)**	–
Impairment loss on loan receivables, net		**(111,128)**	(13,707)
Impairment loss on trade receivables, net		**(18,245)**	(1,308)
Impairment loss on deposit paid, net		**(12,780)**	–
(Impairment loss)/reversal of impairment loss on other receivables, net		**(5,570)**	9,715
		(268,290)	(5,300)
Loss before tax	*6*	**(383,826)**	(102,899)
Income tax credit/(expense)	*7*	**428**	(432)
Loss for the year		**(383,398)**	(103,331)

	Note	2019 HK$'000	2018 HK$'000
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
Release of translation reserve upon disposal of foreign subsidiaries		**(75)**	–
Release of translation reserve upon deconsolidation of foreign subsidiaries		**(2,020)**	–
		(2,095)	–
Exchange differences on translating financial statements of:			
— subsidiaries		**(126)**	(7,249)
— associate		**253**	(750)
		127	(7,999)
		(1,968)	(7,999)
Total comprehensive loss for the year		**(385,366)**	(111,330)
Loss for the year attributable to:			
Equity shareholders of the Company		**(380,376)**	(103,031)
Non-controlling interests		**(3,022)**	(300)
		(383,398)	(103,331)
Total comprehensive loss for the year attributable to:			
Equity shareholders of the Company		**(382,151)**	(110,864)
Non-controlling interests		**(3,215)**	(466)
		(385,366)	(111,330)
Loss per share	*9*		(Restated)
— Basic		**HK40.68 cents**	HK11.05 cents
— Diluted		**HK40.68 cents**	HK11.05 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**17,180**	24,816
Right-of-use assets		**–**	–
Intangible assets	*10*	**11,188**	45,388
Deposit paid	*16*	**400**	400
Loan receivables	*11*	**–**	62,929
Goodwill	*12*	**489**	43,528
Contingent consideration receivables	*13*	**34,230**	5,830
Interest in an associate	*14*	**586**	41,382
		64,073	224,273
Current assets			
Inventories		**–**	3,786
Trading securities		**114**	1,201
Loan receivables	*11*	**–**	111,128
Trade receivables	*15*	**18,654**	19,185
Prepayments, deposits and other receivables	*16*	**26,577**	136,437
Contingent consideration receivables	*13*	**26,110**	–
Tax recoverable		**45**	130
Client trust bank balance		**1,924**	3,229
Cash and cash equivalents		**13,525**	22,910
		86,949	298,006
Total Assets		**151,022**	522,279
Capital and reserves			
Share capital	*17*	**938**	932,717
Reserves		**(111,085)**	(666,797)
Equity attributable to shareholders of the Company		**(110,147)**	265,920
Non-controlling interests		**8,829**	26,698
Total Equity		**(101,318)**	292,618
Non-current liabilities			
Convertible bonds	*18*	**52,890**	45,600
Deferred tax liabilities		**2,797**	6,750
		55,687	52,350

	Note	**2019**	2018
		HK$'000	*HK$'000*
Current liabilities			
Trade payables	*19*	**7,764**	6,483
Accruals and other payables		**43,304**	57,272
Lease liabilities		**5,976**	–
Other loan		**13,000**	13,000
Convertible bonds	*18*	**108,601**	99,095
Amount due to a deconsolidated subsidiary		**8,467**	–
Tax payables		**2,961**	1,461
Provisions	*20*	**6,580**	–
		196,653	177,311
Total Equity and Liabilities		**151,022**	522,279
Net current (liabilities)/assets		**(109,704)**	120,695
Total assets less current liabilities		**(45,631)**	344,968

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective for the current accounting year of the Group and the Company. Note 1(e) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this announcement.

(b) Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2019 comprise of the Company and its subsidiaries have been prepared in accordance with HKFRSs and under the historical cost convention except where stated otherwise in the accounting policies set out in these consolidated financial statements.

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

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

(c) Going concern basis

The Group recorded a loss attributable to equity shareholders of the Company of approximately HK$380,376,000 for the year ended December 31, 2019 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$109,704,000 and HK$101,318,000 respectively. These conditions indicate the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

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

- Subsequent to December 31, 2019, the new bondholder, Neo Tech Inc., which was beneficially owned by Mr. Ng Yu, with principal amount of HK$100 million made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the convertible bond with principal amount of HK$100 million from February 18, 2020 to February 18, 2022, subject to approval from independent shareholders of the Company and the Stock Exchange of Hong Kong Limited;

- Subsequent to December 31, 2019, the Company had entered into loan agreements with the substantial shareholder, Mr. Ng Yu with principal amount of HK$35 million, interest charged at 2.5% per annum and repayable on demand;

- Subsequent to December 31, 2019, the Company had entered into a placing agreement and completed the placing for the net proceeds of approximately HK$17,965,000 applied as general working capital of the Group; and

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

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

(d) Deconsolidation of subsidiaries of the Company

During the time between the end of reporting period and date of this announcement, despite repeated verbal, written request and physical meeting in Beijing, PRC, the Board has been unable to obtain cooperation from legal representative, directors and key management of its subsidiary, Harmonic Strait Credit Guarantee Company Limited ("Harmonic Strait" or the "Deconsolidated Subsidiary") and subsidiaries of Harmonic Strait including Shenzhen Hanhong SCM Co., Ltd. and Shenzhen Sunnyway International Trading Company Limited (together with Harmonic Strait, collectively known as the "Deconsolidated Subsidiaries").

Due to the inability to obtain cooperation from the legal representative, directors and key management of the Deconsolidated Subsidiaries, the Board has been unable to access to the books and records of the Deconsolidated Subsidiaries.

Given these circumstances, the Board has not consolidated the financial statements of the Deconsolidated Subsidiaries in the consolidated financial statements of the Group for the year ended December 31, 2019. As such, the results of the Deconsolidated Subsidiaries for the year ended December 31, 2019 and the assets and liabilities of the Deconsolidated Subsidiaries as at December 31, 2019 have not been included into the consolidated financial statement of the Group.

In the opinion of the Board, although apparent evidence and information available to the Board did not substantiate the Group had lost of control of the Deconsolidated Subsidiaries since January 1, 2019, the consolidated financial statements of the Group for the year ended December 31, 2019 were prepared on the basis that the deconsolidation of the Deconsolidated Subsidiaries was deemed to be effective on January 1, 2019 (the "Deconsolidation"), presented more fairly the results, state of affairs and cashflows of the Group as a whole in light of incomplete books and records of the Deconsolidated Subsidiaries. Had the Deconsolidated Subsidiaries been consolidated up to the date when the control over the Deconsolidated Subsidiaries was lost, many elements in the consolidated financial statements would have been materially affected.

Further details of the Deconsolidated Subsidiaries are set out in note 21 to the financial information in this announcement.

(e) Changes in accounting policies and disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayments Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's consolidated financial statements for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS16 Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases — incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from January 1, 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at January 1, 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after January 1, 2019. For contracts entered into before January 1, 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. January 1, 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at January 1, 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.13%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before December 31, 2019;

The following table reconciles the operating lease commitments as disclosed as at December 31, 2018 to the opening balance for lease liabilities recognised as at January 1, 2019:

	January 1, 2019
	HK$'000
Operating lease commitments disclosed as at December 31, 2018	16,643
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before December 31, 2019	(5,443)
	11,200
Less: Total future interest expenses	(461)
Lease liabilities as at January 1, 2019	10,739

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	HK$'000
Assets	
Increase in right-of-use assets	10,739
Liabilities	
Increase in lease liabilities	10,739

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at January 1, 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

(f) Possible impact of New and Amendments to HKFRSs in issue but not yet effective for the year ended December 31, 2019

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

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[3]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[3]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions[5]

1 Effective for annual periods beginning on or after a date to be determined
2 Effective for annual periods beginning on or after January 1, 2021
3 Effective for annual periods beginning on or after January 1, 2020
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period on or after January 1, 2020
5 Effective for annual periods beginning on or after June 1, 2020

2. SEGMENT REPORTING

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

The Group has six (2018: six) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— Securities brokerage and assets management

— Trading of party products

— Advancing business*

— Credit guarantee and investment business

— Trading of metals and minerals

— Trading of security products and provision of security services

* The management redefined the "Money lending business" segment to "Advancing Business" to reflect the strategic decision of the Group.

(a) Segment Revenues and Results

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

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

Year ended December 31, 2019

	Securities brokerage and assets management	Trading of party products	Advancing business	Credit guarantee and investment business	Trading of metal and minerals	Trading of security products and provision of security services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
Segment revenue	741	40,965	12,001	–	–	81,921	–	135,628
Inter-segment revenue	(15)	–	–	–	–	–	–	(15)
Revenue from external customers	726	40,965	12,001	–	–	81,921	–	135,613

	Securities brokerage and assets management HK$'000	Trading of party products HK$'000	Advancing business HK$'000	Credit guarantee and investment business HK$'000	Trading of metal and minerals HK$'000	Trading of security products and provision of security services HK$'000	Unallocated HK$'000	Total HK$'000
Result								
Segment results	(36,237)	(4,541)	(130,671)	375	(11,241)	(1,600)	–	(183,915)
Reconciliation:								
Bank interest income								18
Unallocated corporate income								13,768
Unallocated corporate expenses								(34,966)
Impairment loss on interest in an associate								(46,445)
Loss on convertible bonds restructure								(1,693)
Fair value loss on derivative financial assets								(1,546)
Equity settled share-based payment expenses								(1,060)
Finance costs								(15,684)
Share of profit of an associate								5,396
Loss on deregistration of subsidiaries								(159)
Gain on disposal of subsidiaries								2,616
Loss on deconsolidation of subsidiaries								(120,156)
Loss before tax								(383,826)
Income tax credit								428
Loss for the year								(383,398)
Other segment information								
Capital expenditure of property, plant and equipment	3	11	–	–	–	13	–	27
Depreciation on property, plant and equipment	3,058	203	3	–	18	283	2,065	5,630
Depreciation on right-of-use assets	113	–	–	–	–	–	10,970	11,083
Impairment loss on loan receivables	–	–	111,128	–	–	–	–	111,128
Impairment loss on trade receivables	2,748	–	11,525	–	–	3,972	–	18,245
Impairment loss on other receivables and deposits paid	69	–	1	–	11,197	660	6,423	18,350
Unrealised (gain)/loss on fair value change in trading securities	(5)	–	–	–	–	–	72	67
Realised loss an disposal of trading securities	–	–	–	–	–	–	498	498
Impairment loss on goodwill	3,000	–	–	–	–	40,235	–	43,235
Impairment loss on intangible assets	17,888	–	500	–	–	10,293	–	28,681
Impairment loss on right-of-use assets	378	–	–	–	–	–	1,534	1,912
Amortisation of intangible assets	–	–	–	–	–	5,411	–	5,411
Impairment of property, plant and equipment	–	–	–	–	–	294	–	294
Fair value gain on contingent consideration receivables	–	–	–	–	–	(54,510)	–	(54,510)
Loss on written off of property, plant and equipment	578	62	6	–	18	188	748	1,600

Year ended December 31, 2018

	Securities brokerage and assets management *HK$'000*	Trading of party products *HK$'000*	Advancing business *HK$'000*	Credit guarantee and investment business *HK$'000*	Trading of metals and minerals *HK$'000*	Trading of security products and provision of security services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue								
Segment revenue	1,237	51,479	12,514	212	–	1,517	–	66,959
Inter-segment revenue	(26)	–	–	–	–	–	–	(26)
Revenue from external customers	1,211	51,479	12,514	212	–	1,517	–	66,933
Result								
Segment results	(49,754)	(2,969)	(6,725)	5,604	(909)	(651)	–	(55,404)
Reconciliation:								
Gain on convertible bonds restructure								6,542
Bank interest income								228
Unallocated corporate expenses								(21,619)
Equity settled share-based payment expenses								(15,148)
Finance costs								(7,428)
Share of loss of an associate								(4,984)
Loss on disposal of an associate								(5,086)
Loss before tax								(102,899)
Income tax expense								(432)
Loss for the year								(103,331)
Other segment information:								
Capital expenditure of property, plant and equipment	–	124	–	–	–	–	–	124
Depreciation on property plant and equipment	5,391	584	3	265	17	15	–	6,275
Impairment loss on loan receivables	–	–	13,707	–	–	–	–	13,707
Impairment loss on trade receivables	–	–	862	446	–	–	–	1,308
(Reversal of impairment loss)/impairment loss on other receivables	–	–	–	(13,008)	–	724	2,569	(9,715)
Realised loss on disposal of trading securities	30,936	–	–	–	–	–	–	30,936
Unrealised loss on fair value change in trading securities	1,303	–	–	–	–	–	–	1,303

(b) Segment Assets and Liabilities

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

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

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

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

Year ended December 31, 2019

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

Note:

(a) The loan was made from a subsidiary of the Group to the subsidiary under advancing business segment which was under negotiated terms. As at December 31, 2019, the carrying amount of the loan was HK$151,453,000 (2018: HK$133,762,000).

Year ended December 31, 2018

	Securities brokerage and assets management *HK$'000*	Trading of party products *HK$'000*	Advancing business *HK$'000*	Credit guarantee and investment business *HK$'000*	Trading of metals and minerals *HK$'000*	Trading of security products and provision of security services *HK$'000*	Total *HK$'000*
ASSETS							
Segment assets	53,924	14,325	174,762	25,191	11,799	104,662	384,663
Bank balances and cash (including restricted cash)							26,139
Interest in an associate							41,382
Tax recoverable							130
Unallocated corporate assets							69,965
Consolidated total assets							522,279
LIABILITIES							
Segment liabilities	8,747	5,821	134,361	5,560	2,112	28,777	185,378
Elimination of loan payables	–	–	(133,762)	–	–	–	(133,762)
	8,747	5,821	599	5,560	2,112	28,777	51,616
Convertible bonds							144,695
Tax payables							1,461
Other loan							13,000
Unallocated corporate liabilities							18,889
Consolidated total liabilities							229,661

(c) Geographic information

Revenue

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Hong Kong	**43,460**	52,371
Mainland China	**79,502**	1,248
	122,962	53,619
Revenue from other sources		
Hong Kong	**12,651**	13,102
Mainland China	**–**	212
	12,651	13,314
Total	**135,613**	66,933

Specified non-current assets

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

	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**16,875**	64,226
Mainland China	**12,568**	90,888
Total	**29,443**	155,114

(d) Revenues from customers, which are all in the trading of security products business (2018: Trading of party products business), contributing 10% or more of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**32,556**	*–
Customer B	#–	14,755
Customer C	#–	8,978
Customer D	#–	8,768
Customer E	#–	7,643
Customer F	#–	7,277

* The transactions with this customer did not contribute 10% or more of total revenue of the Group during the year ended December 31, 2018. Five customers amounted to HK$47,421,000 from trading of party products business had individually contributed over 10% of the total revenue of the Group during the year ended December 31, 2018.

\# These five customers mentioned in above did not individually contribute over 10% or more of total revenue of the Group during the year ended December 31, 2019.

3. REVENUE

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

Disaggregation of Revenue

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

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of party products	**40,965**	51,479
Brokerage commission income and assets management income (excluded interest income from cash and margin client)	**76**	623
Sales of security products	**79,502**	1,248
Provision of security services	**2,419**	269
	122,962	53,619

	2019	2018
	HK$'000	*HK$'000*
Revenue from other sources		
Credit guarantee service and investment income	**–**	212
Interest income from advancing business	**12,001**	12,514
Interest income from cash and margin client earned from brokerage commission income and assets management income	**650**	588
	12,651	13,314
Total	**135,613**	66,933
Disaggregation by timing of revenue recognition within the scope of HKFRS 15		
— Over time	**2,419**	269
— At a point in time	**120,543**	53,350
	122,962	53,619

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

4. OTHER REVENUE AND OTHER NET GAIN/(LOSS)

	2019	2018
	HK$'000	*HK$'000*
Fair value loss on derivative financial assets *(Note 18(a))*	**(1,546)**	–
(Loss)/gain on convertible bonds restructure *(Note 18(a))*	**(1,693)**	6,542
Net exchange gain	**954**	910
Unrealised loss on fair value changes in trading securities	**(67)**	(1,303)
Realised loss on disposal of trading securities	**(498)**	(30,936)
Dividend income	**–**	159
Interest income	**18**	5,628
Sundry income	**11,057**	9,179
Loss on written off of property, plant and equipment	**(1,600)**	–
	6,625	(9,821)

5. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on convertible bonds	**14,000**	6,513
Interest on lease liabilities	**762**	–
Interest on other borrowings	**922**	915
	15,684	7,428

6. LOSS BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit service	**1,870**	1,200
— Non-audit service	**584**	250
Cost of inventories included in cost of sales and services	**105,104**	50,422
Cost of service included in cost of sales and services	**–**	134
Amortisation of intangible assets	**5,411**	–
Depreciation		
— Owned property, plant and equipment	**5,630**	6,275
— Right-of-use assets*	**11,083**	–
Staff costs (including directors' emoluments):		
— Salaries, wages and other benefits	**20,712**	25,435
— Contributions to defined contribution retirement plans	**1,454**	399
— Equity settled share-based payment expenses	**1,060**	14,756
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**–**	18,825
Equity settled share-based payment expenses to non-employees	**–**	392

* The group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at January 1, 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at January 1, 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(e) for further details.

7. INCOME TAX (CREDIT)/EXPENSE

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

	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Change for the year	**–**	432
Under-provision in prior years	**276**	–
Current tax — PRC Income Tax		
Change for the year	**3,050**	–
Under-provision in prior years	**172**	–
	3,498	432
Deferred tax credit	**(3,926)**	–
Total income tax (credit)/expense	**(428)**	432

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits (2018: the provision for Hong Kong Profits Tax was calculated at 16.5%, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime).

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

The provision for PRC Income tax for 2019 is calculated at 25% of the estimated assessable profits for the year. No PRC income tax has been provided for the Group as the Group's subsidiaries in the PRC did not have any assessable profit for the year ended December 31, 2018.

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

8. DIVIDENDS

The Board of the Company did not recommend any final dividend for the year ended December 31, 2019. No dividend was paid during the year (2018: Nil).

9. LOSS PER SHARE

(a) Basic loss per share

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

	2019	(Restated) 2018
	HK$'000	*HK$'000*
Loss attributable to equity shareholders	**(380,376)**	(103,031)

	2019	2018
	'000 shares	*'000 shares*
Weighted average number of ordinary shares		
At the beginning of the year	**9,327,172**	9,327,172
Effect of issue of new shares	**22,686**	–
Effect of capital reorganisation	**(8,414,872)**	(8,394,455)
	934,986	932,717

Total issued ordinary shares at December 31, 2019 and 2018 was 937,797,000 and 9,327,172,000 shares respectively.

(b) Diluted loss per share

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options or conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share during the years ended December 31, 2019 and 2018. Therefore, the diluted loss per share is same as basic loss per share during the years ended December 31, 2019 and 2018.

10. INTANGIBLE ASSETS

	Type 1 Regulated Activity License *HK$'000*	Type 4 and Type 9 Regulated Activity License *HK$'000*	Money Lending License *HK$'000*	Software Licenses *HK$'000*	Total *HK$'000*
Cost					
At January 1, 2018	12,388	5,500	500	–	18,388
Acquisition of subsidiaries	–	–	–	27,000	27,000
At December 31, 2018 and January 1, 2019	12,388	5,500	500	27,000	45,388
Exchange adjustments	–	–	–	(334)	(334)
At December 31, 2019	12,388	5,500	500	26,666	45,054
Accumulated amortisation and impairment					
At January 1, 2018, December 31, 2018 and January 1, 2019	–	–	–	–	–
Amortised for the year	–	–	–	5,411	5,411
Impairment loss for the year	12,388	5,500	500	10,293	28,681
Exchange adjustments	–	–	–	(226)	(226)
At December 31, 2019	12,388	5,500	500	15,478	33,866
Carrying values					
At December 31, 2019	–	–	–	11,188	11,188
At December 31, 2018	12,388	5,500	500	27,000	45,388

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

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

	2019	2018
	HK$'000	*HK$'000*
Securities brokerage and assets management business	**–**	17,888
Advancing business	**–**	500
Trading of security products and provision of security services business	**11,188**	27,000
	11,188	45,388

Please refer to note 12 to the financial information for details of impairment tests.

11. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Loan receivables from advancing business	**122,555**	189,893
Less: Impairment	**(122,555)**	(15,836)
	–	174,057
Representing:		
Current portion	**–**	111,128
Non-current portion	**–**	62,929
	–	174,057

(a) At December 31, 2019, loan receivables bear interest at rates ranged from 5% to 17% per annum (2018: 5% to 17%), and with repayment terms, mutually agreed between the contracting parties. At December 31, 2019, the Group lent the loans to independent customers in total of HK$122,555,000 (2018: HK$189,893,000), of which HK$17,245,000 (2018: HK$12,000,000) was secured by a personal guarantee of a customer and HK$99,128,000 (2018: HK$99,128,000) was secured by unlisted equity shares of some PRC companies.

(b) The loan receivables at the end of the reporting period are analysed by the remaining period to contractual maturity date as follows:

	2019	2018
	HK$'000	*HK$'000*
Repayable:		
Within 1 year	**–**	111,128
1 to 3 years	**–**	62,929
	–	174,057

(c) Due to the deconsolidation of the Deconsolidated Subsidiaries, the relevant loan receivables have been deconsolidated during the year ended December 31, 2019.

12. GOODWILL

	2019	2018
	HK$'000	*HK$'000*
At the beginning of the year	**43,528**	3,000
Impairment loss for the year	**(43,235)**	–
Exchange adjustments	**196**	–
Acquisition of subsidiaries *(Note 22)*	**–**	40,528
At the end of the year	**489**	43,528

Impairment tests for cash-generating units containing goodwill

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

	2019	2018
	HK$'000	*HK$'000*
Securities brokerage and assets management business	**–**	3,000
Trading of security products and provision of security services business	**489**	40,528
	489	43,528

Securities brokerage and assets management business

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

As at December 31, 2018, the recoverable amount of the CGUs of securities brokerage and assets management business segment has been determined on the fair value less cost of disposal using market based approach. A price-to-book multiple of 2.11 has been adopted in arriving at the fair value of the CGUs. The fair value measurement of the CGUs are at Level 3 of the fair value hierarchy.

Trading of security products and provision of security services business

As at December 31, 2019 and 2018, the recoverable amounts of the CGUs relate to trading of security products and provision of security services business are determined based on value-in-use approach. The valuation is based on a five-year performance projection and certain key assumptions (updated with latest market data) including growth rates, expected changes to revenue and direct cost and discount rates range from 14% to 33% (2018: 18%) during the projection period which is determined based on an estimated performance, management's expectations and future business plan. The discount rate used reflects specific risks relating to trading of security products and provision of security services respectively.

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

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

There was no impairment on both goodwill and intangible assets of the CGUs of securities brokerage and assets management business and the CGUs of trading of security products and provision of security services business as at December 31, 2018.

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

13. CONTINGENT CONSIDERATION RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Contingent consideration receivables	**60,340**	5,830
Representing:		
Current portion	**26,110**	–
Non-current portion	**34,230**	5,830
	60,340	5,830

Contingent consideration receivables represent the Guarantee Profit of the Acquired Group for the Relevant Years given by the Vendors to the Group in relation to the acquisition of Acquired Group, details are set out in note 22. The fair value of contingent consideration receivables at December 31, 2019 was determined based on valuation performed by an independent firm of professional valuers with recognised qualifications and experiences using the expected return method including the financial performance and forecast net profit after tax of trading of security products and provision of security services segment for the years ended December 31, 2019 and 2020 respectively.

For termination of the Guarantee Profit in June 2020, please refer to note 23(b) for details.

14. INTEREST IN AN ASSOCIATE

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

Name of associate	Place of incorporation and business	Particulars of issued and paid up capital		Proportion of ownership interest		Principal activity
		2019	2018	**2019**	2018	
Sunrise Insurance Broker Company Limited ("Sunrise Insurance")	PRC	**RMB55,555,500**	RMB55,555,500	**21.6%**	21.6%	Provision of insurance brokerage service

During the year ended December 31, 2018, Sunrise Insurance increased the paid-up capital from RMB50,000,000 to RMB55,555,500. The Group's interest in Sunrise Insurance was diluted from 24% to 21.6% and it recognised a loss of deemed disposal of the associate of HK$5,086,000.

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

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

	2019	2018
	HK$'000	*HK$'000*
Gross amount of the associate		
Current assets	**54,693**	35,651
Non-current assets	**4,530**	5,510
Current liabilities	**(54,705)**	(53,317)
Equity	**4,518**	(12,156)
Post acquisition result		
Revenue	**385,520**	183,205
Profit/(loss) for the year	**16,706**	(22,281)
Total comprehensive income/(loss)	**16,673**	(23,453)
Reconciled to the Group's interest in the associate		
Gross amounts of the net assets/(liabilities) of the associate	**4,518**	(12,156)
Group's effective interest	**21.6%**	21.6%
Group's share of net assets/(liabilities) of the associate	**976**	(2,626)
Goodwill	**45,385**	44,008
Accumulated impairment	**(45,775)**	–
Carrying amount in the consolidated financial statements	**586**	41,382

15. TRADE RECEIVABLES

	2019 *HK$'000*	2018 *HK$'000*
Trade receivables arising from dealing in securities:		
— Clients arising from dealing in securities	**2,788**	3,659
— Clearing house	**–**	588
	2,788	4,247
Interest receivables arising from advancing business	**12,387**	1,056
Trade receivables arising from credit guarantee service and investment income	**–**	1,123
Trade receivables arising from trading of party products	**9,303**	8,944
Trade receivables arising from trading of security products	**5,449**	1,257
Trade receivables arising from provision of security services	**7,834**	4,575
	37,761	21,202
Less: Impairment	**(19,107)**	(2,017)
	18,654	19,185

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

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

	2019 *HK$'000*	2018 *HK$'000*
Within 30 days	**5,265**	10,970
31 to 60 days	**5,294**	1,786
61 to 90 days	**4,056**	3,576
Over 90 days	**4,039**	2,853
	18,654	19,185
Trade receivables from dealing in securities not past due	**(40)**	(4,247)
	18,614	14,938

(b) Due to the deconsolidation of the Deconsolidated Subsidiaries, the relevant trade receivables have been deconsolidated during the year ended December 31, 2019.

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade deposits and other receivables	**56,569**	155,942
Prepayments and other deposits	**6,808**	23,314
	63,377	179,256
Less: Impairment	**(36,400)**	(42,419)
	26,977	136,837
Representing:		
Current-portion	**26,577**	136,437
Non-current portion	**400**	400
	26,977	136,837

The amount of prepayments, deposits and other receivables expected to be recovered or recognised as expense after more than one year is approximately HK$400,000 (2018: HK$400,000). The remaining amount are expected to be recovered or recognised as expense within one year.

(a) As at December 31, 2019, total impairment loss for prepayments, deposits and other receivables was approximately HK$36,400,000, of which approximately HK$25,220,000 (2018: HK$42,419,000) related to impairment of other receivables, approximately HK$11,180,000 (2018: Nil) mainly related to impairment of trade deposits paid in previous year due to uncertainty in future prospects of trading of metals and minerals business.

During the year ended December 31, 2019, the impairment of deposits amounting HK$12,780,000 (2018: Nil), of which HK$1,600,000 was written off in the same year.

(b) Due to the deconsolidation of the Deconsolidated Subsidiaries, the relevant prepayments, deposits and other receivables have been deconsolidated during the year ended December 31, 2019.

17. SHARE CAPITAL

	Number of shares	**Amount**
	'000	*HK$'000*
Authorised:		
Ordinary shares of HK$0.1 each		
At January 1, 2018, December 31, 2018 and January 1, 2019	100,000,000	10,000,000
Capital Reorganisation *(Note (c))*	9,900,000,000	–
Ordinary shares of HK$0.001 each		
At December 31, 2019	10,000,000,000	10,000,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At January 1, 2018, December 31, 2018 and January 1, 2019	9,327,172	932,717
Issue of new shares	50,800	5,080
Capital Reorganisation *(Note (c))*	(8,440,175)	(936,859)
Ordinary shares of HK$0.001 each		
At December 31, 2019	937,797	938

(a) In the Extraordinary General Meeting held on July 7, 2020, the Shareholders of the Company have approved the grant of the general mandate to the Directors to allot, issue and deal with new shares up to 223,852,128 shares, representing 20% of the aggregate number of the issued shares of the Company as at the date of the meeting, i.e. 1,119,260,640 shares. Details are set out in the Company's circular dated June 15, 2020.

(b) The Company has a share option scheme, under which the Company may grant options to any employee or director to subscribe for shares of the Company, up to a maximum of 10% of the issued share capital of the Company (absolute maximum number of share option: 93,779,720 (2018: 932,717,200 shares)). No share options were granted during the year (2018: 981,000,000) and there were 83,600,000 outstanding share options as at December 31, 2019 (2018: 876,000,000).

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

The Capital Reorganisation comprises following:

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

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

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

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

(d) On March 18, 2019, the Company and four subscribers entered into the subscription agreements to issue a total of 300,000,000 new shares of HK$0.1 each. Subsequently, the Company entered into a termination agreement with one of the four subscribers to terminate issuance of 100,000,000 shares of HK$0.1 each with immediate effect on July 15, 2019. On the same date, the Company entered into supplemental agreements with each of remaining three subscribers to reduce issuance of shares from 200,000,000 shares to 50,800,000 shares. On July 22, 2019, 50,800,000 shares of HK$0.1 each were allotted and issued to the three subscribers, giving rise to a gross proceeds of approximately HK$5,080,000. Details are set out in the Company's announcements dated March 18, 2019, July 15, 2019, July 17, 2019 and July 22, 2019.

18. CONVERTIBLE BONDS

	Note	**2019** Liability portion *HK$'000*	Equity portion *HK$'000*	Total *HK$'000*	2018 Liability portion *HK$'000*	Equity portion *HK$'000*	Total *HK$'000*
2019 Convertible Bonds	*(a)*	**–**	**–**	**–**	99,095	12,663	111,758
2020 Convertible Bonds	*(a)*	**108,601**	**1,493**	**110,094**	–	–	–
2021 Convertible Bonds	*(b)*	**52,890**	**24,400**	**77,290**	45,600	24,400	70,000
At December 31		**161,491**	**25,893**	**187,384**	144,695	37,063	181,758
Representing:							
Current liabilities		**108,601**	**–**	**108,601**	99,095	–	99,095
Non-current liabilities		**52,890**	**–**	**52,890**	45,600	–	45,600
Convertible bonds reserve		**–**	**25,893**	**25,893**	–	37,063	37,063

(a) On January 10, 2018, the Company and Internet Finance Investment Co. Ltd. (the "Original Bondholder"), a company wholly owned by Ms. Cheung Kwan, a former-executive director and the former-chairlady of the Board, entered into a deed of variation for the extension of the maturity date of the convertible bonds in the principal amount of HK$100,000,000 for one year to February 18, 2019 (the "Extended Maturity Date"). Save as disclosed above, other terms and conditions of the convertible bonds remain unchanged. The Extended Maturity Date of the 2019 Convertible Bonds was approved by the shareholders at the Company's extraordinary general meeting on March 20, 2018 and took effect on March 29, 2018. The amendment of terms of the convertible bonds resulting from the Extended Maturity Date (the "2019 Convertible Bonds") was not considered to be substantial modified. The Group recognised a gain on convertible bonds restructure of HK$6,542,000 in other revenue and other net gain/(loss) during the year ended December 31, 2018. The effective interest rate of the liability component of the 2019 Convertible Bonds was 7% per annum.

On February 18, 2019, the Company and the Original Bondholder, entered into a deed of variation, pursuant to which the parties agreed that, subject to fulfilment of the conditions precedent, the terms of 2019 Convertible Bonds would be amended as follows:

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

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

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

Save as disclosed above, all the remaining terms and conditions of the 2019 Convertible Bonds remain unchanged. The above amendments (the "Convertible Bonds Restructure") was approved by the shareholders at the Company's extraordinary general meeting on June 18, 2019 and completed on June 25, 2019. Details of the Convertible Bonds Restructure are set out in the Company's circular to shareholders dated May 20, 2019 and announcements dated February 18, 2019, June 18, 2019 and June 25, 2019.

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

The Group recognised a loss of the Convertible Bonds Restructure of HK$1,693,000 and transferred the equity component of the 2019 Convertible Bonds to accumulated loss of HK$11,114,000 during the year. The Group recognised the transaction costs for the Convertible Bonds Restructure of HK$499,000 during the year. The Group recognised the liability component and derivatives of the 2020 Convertible Bonds on June 25, 2019 which were determined based on the valuations performed by an independent firm of professional valuers with recognised qualifications and experiences using discounted cash flow model at an equivalent market interest rate for a similar bond without a conversion option and Binomial option pricing model, respectively. The effective interest rate of the liability component is 11% per annum. The derivatives of the 2020 Convertible Bonds include Early Redemption Option and Mandatory Conversion Option, both options are interdependent.

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

The conversion price of 2020 Convertible Bonds was adjusted from HK$0.1 per Share to HK$1.0 per Consolidated Share with effect from July 24, 2019. The maximum number of Shares that will be issued upon conversion of all the outstanding 2020 Convertible Bonds at the adjusted conversion price of HK$1.00 is 105,000,000 Shares. Details of the adjustments of the conversion price of the 2020 Convertible Bonds are set out in the Company's announcement on July 24, 2019.

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

On March 25, 2020, the New Bondholder made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the 2020 Convertible Bonds with principal amount of HK$100,000,000 from February 18, 2020 to February 18, 2022, subject to approval from independent shareholders of the Company and the Stock Exchange of Hong Kong Limited. The New Bondholder represented that it will not make any claims against the Company on the overdue of the convertible bonds.

The 2019 Convertible Bonds	**Liability Portion**	**Equity Portion**	**Derivative Financial Assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At December 31, 2018 and January 1, 2019	**99,095**	**12,663**	**–**	**111,758**
Interest charged to consolidated statement of profit or loss	**905**	**–**	**–**	**905**
Extinguishment upon completion of the convertible Bonds Restructure	**(100,000)**	**(12,663)**	**–**	**(112,663)**
At December 31, 2019	**–**	**–**	**–**	**–**

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

Notes:

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

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

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

(b) On December 17, 2018, the Company issued convertible bonds in the principal amount of HK$70 million ("the 2021 Convertible Bonds") as consideration for the acquisition of two subsidiaries (the "Acquired Group"), details of the acquisition of the subsidiaries are set out in note 22 to the financial information in this announcement. The 2021 Convertible Bonds include three tranches of principal amount of HK$8.75 million, HK$26.25 million and HK$35 million respectively which are convertible from the date of settlement of the Compensation for each of the years ended/ending December 31, 2018, 2019 and 2020 ("the Relevant Years") (details refer to the following paragraph) until maturity date. The vendors of the Acquired Group ("the Vendors") guaranteed that the combined audited consolidated profit after tax (excluding extraordinary and exceptional items) (the "Guarantee Profit") of the Acquired Group under the HKFRSs (the "Net Profit of Each of the Relevant Years") shall be not less than HK$10 million, HK$30 million and HK$40 million for each of the three years ended/ending December 31, 2018, 2019 and 2020 respectively (the "Guarantee Profit of Each of the Relevant Years"), failing which the Vendors shall pay the compensation (the "Compensation") to the Group to be calculated as follows:

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

The Vendors and the Group shall procure the auditor nominated by the Group to complete the audited financial statements of the Acquired Group for each of the year ended/ending December 31, 2018, 2019 and 2020 within 3 months after the end of the Relevant Years or any other date as agreed between the Vendors and the Group. The Compensation (if any) shall be paid by the Vendors to the Group within 7 business days after determination of the Net Profit of Each of the Relevant Years. The Vendors shall be entitled to elect to pay the Compensation in cash or by way of set off against an equivalent principal amount of the convertible bonds. Based on the audited financial statements of the Acquired Group issued on August 27, 2019, the combined audited consolidated profit after tax (excluding extraordinary items and exceptional items) of the Acquired Group under HKFRSs for the year ended December 31, 2018 was approximately HK$11 million which was not less the Guaranteed Profit for the year ended December 31, 2018 of HK$10 million. Accordingly, no Compensation was required to be paid by the Vendors to the Group in relation to the Guarantee Profit for the year ended December 31, 2018.

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

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

On June 30, 2020, the Vendors and the Group entered into a supplemental deed (the "Deed"), pursuant to which it was mutually agreed that profit guarantee for the years ended December 31, 2019 and 2020 was unfulfilled and terminated respectively. The Vendors agreed to surrender the corresponding convertible bonds in the principal amount of HK$26,500,000 and HK$35,000,000 respectively to the Company for cancellation. For details, please refer to note 23(b).

The 2021 Convertible Bonds	**Liability Portion** *HK$'000*
At December 31, 2018 and January 1, 2019	45,600
Interest charged to consolidated statement of profit or loss	7,290
At December 31, 2019	52,890

No new shares of the Company were issued upon exercise of the 2019 Convertible Bonds, 2020 Convertible Bonds and 2021 Convertible Bonds during the year ended December 31, 2019.

19. TRADE PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables arising from dealing in securities:		
— Clients arising from dealing in securities	**–**	587
— Clearing house	**–**	476
— Clients' money	**1,924**	3,229
	1,924	4,292
Trade payables arising from trading of security products	**3,044**	–
Trade payables arising from trading of party products	**2,796**	2,191
	7,764	6,483

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**2,796**	1,168
31 to 60 days	**–**	530
61 to 90 days	**–**	268
Over 90 days	**3,044**	225
	5,840	2,191

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

20. PROVISIONS

	2019	2018
	HK$'000	*HK$'000*
Provision for litigation claim		
At January 1, 2019	**–**	–
Provision made	**6,580**	–
At December 31, 2019	**6,580**	–
Representing:		
Current portion	**6,580**	–
Non current portion	**–**	–
	6,580	–

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

21. DECONSOLIDATION OF SUBSIDIARIES

As described in note 1(d) to the consolidated financial statements, the Group deconsolidated the Deconsolidated Subsidiaries from its consolidated financial statements for the year ended December 31, 2019.

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

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

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

* The English name is for identification purpose only.

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

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

22. BUSINESS COMBINATION IN 2018

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

International Security Net is a limited company incorporated in Hong Kong and engaged in integrated security service solution for protection of assets and personnel and its principal activities include public safety consulting services; overseas on-site public safety management services; public safety training service and public safety technology guarantee service. Dewe Kexin is a limited company incorporated in the PRC and is a network security high-tech company.

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

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

The Vendors and the Group shall procure the auditor nominated by the Group to complete the audited financial statements of the Acquired Group for each of the year ended/ending December 31, 2018, 2019 and 2020 within 3 months after the end of the Relevant Years. The Compensation (if any) shall be paid by the Vendors to the Group within 7 business days after determination of the Net Profit of Each of the Relevant Years. The Vendors shall be entitled to elect to pay the Compensation in cash or by way of set off against an equivalent principal amount of the convertible bonds.

On December 17, 2018, the acquisition was completed.

The fair values of identifiable assets and liabilities of the Acquired Group as at the date of completion on the acquisition are as follows:

	HK$'000
Net assets acquired:	
Property, plant and equipment	780
Intangible assets	27,000
Trade receivables	9,836
Prepayments, deposits and other receivables	29,915
Cash and cash equivalents	2,978
Trade and other payables	(26,385)
Deferred tax liabilities	(6,750)
Total identifiable net assets at fair value	37,374
Less: Non-controlling interests	(13,732)
Total identifiable net assets at fair value shared by the Group	23,642
Goodwill	40,528
	64,170
Consideration satisfied by:	
Convertible bonds	70,000
Contingent consideration receivables	(5,830)
Total consideration	64,170
An analysis of the consolidated cash flows in respect of the acquisition of subsidiaries is as follows:	
Cash consideration paid	–
Cash and cash equivalents acquired	2,978
Net inflow of cash and cash equivalents included in cash flows from investing activities	2,978

(i) The Acquired Group contributed revenue and net loss after tax of HK$1,517,000 and HK$357,000 respectively to the Group for the period between the date of completion on the acquisition and the year ended December 31, 2018.

Had the acquisition of the Acquired Group taken place at January 1, 2018, the revenue and the net loss after tax of the Group for the year ended December 31, 2018 would have been HK$245,946,000 and HK$91,622,000 respectively.

(ii) The fair value of trade and other receivables were HK$9,836,000 and HK$4,936,000 respectively as at the date of completion of the acquisition. The gross contractual amounts of trade and other receivables were HK$9,836,000 and HK$4,936,000. None of the receivables was expected to be uncollectible at the date of completion on the acquisition.

(iii) The Group incurred transaction costs of HK$290,000 for the acquisitions. The transaction costs have been expensed and included in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

(iv) Goodwill arising from the acquisition of the Acquired Group is attributable to the expansion on the Group's businesses into trading of security products and provision of security services business in the PRC and HK and revenue sources from the anticipated profitability and revenue growth of the Acquired Group. None of the goodwill recognised is expected to be deductible for income tax purpose.

(v) The Group has elected to measure the non-controlling interests in Acquired Group at the non-controlling interests' proportionate share of Acquired Group's identifiable net assets.

(vi) If the Acquired Group could not fulfil the Guaranteed Profit of Each of Relevant Years, the Vendor shall pay the Compensation to the Group in according the calculation disclosed above. If the Net Profit of Each of Relevant Years are negative, it shall be deemed to be zero.

(vii) The Acquired Group fulfilled the guarantee profit for the year ended December 31, 2018 and no compensation is required to be paid by the Vendors to the Group.

(viii) Pursuant to the supplemental deed entered into between the Vendors and the Group on June 30, 2020, it was mutually agreed that the Acquired Group could not fulfil the profit guarantee for the year ended December 31, 2019, and the profit guarantee for the year ended December 31, 2020 be terminated. The Vendors agreed to surrender the relevant convertible bonds in the principal amount of HK$26.25 million and HK$35 million respectively to the Company for cancellation. For details, please refer to note 23(b).

23. EVENTS AFTER THE REPORTING PERIOD

The Group had the following significant events subsequent to the end of the reporting period and up to the date of this announcement:

(a) Share Pledge of Dewe Kexin

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

(b) Non-fulfillment and termination of profit guarantees

On June 30, 2020, the Vendors of the Acquired Group and the Company entered into the Deed in relation to the agreement for the acquisition of the Acquired Group. Pursuant thereto, it was mutually agreed the following:

(i) to determine the 2019 Profit Guarantee based on the audited financial statements of the Dewe Kexin and International Security Net for the year ended December 31, 2019 with a limitation on the scope of audit opinion expressed by the Auditor and waive any right of claim in relation thereto (the "Assessment Accounts");

(ii) based on the Assessment Accounts, an unaudited net loss for the financial year ended December 31, 2019 was reported, representing a complete non-fulfillment of the 2019 Profit Guarantee, and the vendors of the Acquired Group irrevocably agreed to pay to the Group compensation for the non-fulfillment by way of surrendering the relevant convertible bonds in the principal amount of HK$26,250,000; and

(iii) the 2020 Profit Guarantee be terminated and the vendors of the Acquired Group irrevocably agreed to pay to the Group compensation by way of surrendering relevant convertible bonds in the principal amount of HK$35,000,000.

The Directors are of the view that the entering into of the Deed is fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Further details are disclosed in the announcement of the Company dated June 30, 2020.

(c) Disposal of International Security Net and Other Receivables

Subsequent to the creation and enforcement of the Share Pledge, the management of the Group discovered that the loan in the principal amount of RMB5,000,000 failed to be deposited in any of the Group's bank accounts (the "Other Receivables"). On June 30, 2020, the Vendors entered into the Disposal Agreement with the Group in relation to the disposal of the entire issued share capital of International Security Net and the Other Receivables for a total consideration of HK$8,750,000. For details, please refer to the announcement of the Company dated June 30, 2020.

(d) Placing of new shares

On February 26, 2020, the Company and a Placing Agent entered into agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on the best effort basis, of up to 181,463,440 shares, to not less than 6 independent third parties at a price of HK$0.1 per share. On March 17, 2020, the Company and the Placing Agent entered into a supplemental agreement to extend the date for fulfilling the condition precedent of the placement to April 20, 2020 and completed on April 20, 2020. The directors intend to use net proceeds of approximately HK$17,965,000 as working capital of the Group. Further details are disclosed in the announcements of the Company dated February 26, 2020, March 17, 2020 and April 20, 2020.

(e) Irrevocable undertaking on extension of 2020 Convertible Bonds

On March 25, 2020, the New Bondholder made an irrevocable undertaking that it will enter into an amendment deed to extend the maturity date of the 2020 Convertible Bonds with the principal amount of HK$100,000,000 from February 18, 2020 to February 18, 2022 subject to approval from independent shareholders of the Company and the Stock Exchange of Hong Kong Limited. The New Bondholder represented that it will not make any claims against the Company on the overdue of the convertible bonds.

(f) The assessment of the impact of the novel coronavirus

Since January 2020, the COVID-19 coronavirus outbreak has impacted the global business environment. Up to the date of this announcement, the COVID-19 coronavirus outbreak has resulted in material adverse impact to the Group's revenue due to the worsen economic atmosphere in PRC and globally, and the downtrend is expected to be continue for the rest of the first quarter or even the first half of 2020. The COVID-19 coronavirus outbreak is expected to adversely impact the business performance of the Group but the actual impact has yet to be quantified. The Group will continue to monitor the development of the COVID-19 coronavirus outbreak and react actively to its impact on the financial position and operating results of the Group. Up to the date of issue of this announcement, the assessment is still in progress.

(g) Withdrawal of winding up petition

On January 3, 2020, the Company received a winding up petition (the "Petition") filed by Access Partner Consultancy & Appraisals Limited (the "Petitioner") against the Company under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 31 of the laws of Hong Kong) in the High Court of Hong Kong. The Petition was filed against the Company for failure to settle the outstanding balance under the invoices in the total sum of HK$198,000. On January 17, 2020, the Company settled all the outstanding balance under the Petition and upon the joint application of the Company and the Petitioner, the High Court of Hong Kong ordered that the Petition be withdrawn on June 1, 2020. Further details are disclosed in the announcements of the Company dated January 7, 2020 and June 3, 2020.

MATERIAL DIFFERENCES BETWEEN THE UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results announcement for the year ended December 31, 2019 (the "Unaudited Annual Results") dated March 31, 2020, was neither audited nor agreed with Auditors as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to the following material differences between the financial information of the Group contained in the Unaudited Annual Results announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

Consolidated statement of profit or loss

	2019	**2019**	Difference	
	HK$'000	*HK$'000*	*HK$'000*	*Note*
	(audited)	(unaudited)		
Other revenue and other net gain	6,625	32,666	(26,041)	*1*
Profit/(loss) from operations	12,451	(11,261)	23,712	
Other non-operating expenses	(112,303)	7,060	(119,363)	*2*
Impairment losses	(268,290)	(295,153)	26,863	*3*
Loss before tax	(383,826)	(315,047)	(68,779)	
Loss for the year	(383,398)	(317,020)	(66,378)	

Consolidated statement of financial position

	2019.12.31	**2019.12.31**	Difference	
	HK$'000	*HK$'000*	*HK$'000*	*Note*
	(audited)	(unaudited)		
Non-current Assets				
Intangible assets	11,188	21,332	(10,144)	*4*
Goodwill	489	40,251	(39,762)	*5*
Contingent consideration receivables	34,230	13,676	20,554	*1*
Interest in an associate	586	37,500	(36,914)	*6*
Current Assets				
Prepayments, deposit and other receivables	26,577	59,811	(33,234)	*7*
Contingent consideration receivables	26,110	18,684	7,426	*1*
Current Liabilities				
Accruals and other payables	43,304	61,044	(17,740)	*8*
Equity attributable to shareholders of the Company	(110,147)	(52,100)	(58,047)	

Notes:

1 The difference was mainly due to the change in fair value of contingent consideration receivable amounted to HK$27,980,000.

2 The difference was mainly due to the loss resulted from deconsolidation of subsidiaries amounted to HK$120,156,000.

3 The difference was mainly due to the impairment of goodwill, intangible assets, interest in an associate and a deposit paid amounted to HK$40,251,000, HK$10,293,000, HK$37,584,000 and HK$10,500,000 respectively, being offset by the reversal of impairment on loan and other receivables amounted to HK$132,507,000 as a results of the deconsolidation of subsidiaries as mentioned in note 21.

4 The difference was due to the impairment of intangible assets in relation to the software licenses of Dewe amounted to HK$10,144,000.

5 The difference was due to the impairment of goodwill of ISN and Dewe amounted to HK$40,251,000.

6 The difference was due to the impairment of Sunrise Insurance amounted to HK$36,914,000.

7 The difference was mainly due to further impairment on or written off of certain deposits paid amounted to HK$12,560,000.

8 The difference was mainly due to the effect of deconsolidation of subsidiaries amounted to HK$11,359,000.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from Cheng & Cheng Limited, the external auditor of the Company, on the Group's consolidated financial statements for the year ended 31 December 2019.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Amber Hill Financial Holdings Limited (formerly known as China Cloud Copper Company Limited and Asia Investment Finance Group Limited) (the "Company") and its subsidiaries ("the Group") set out in the annual report of the Company, which comprise the consolidated statement of financial position as at December 31, 2019, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements and as to whether the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Deconsolidation of subsidiaries

As disclosed in note 21 to the financial information, the directors of the Company (the "Board") were unable to obtain cooperation from the legal representative, directors and key management of a subsidiary, namely, Harmonic Strait Credit Guarantee Company Limited ("Harmonic Strait" or the "Deconsolidated Subsidiary") and the wholly owned subsidiaries of Harmonic Strait namely Shenzhen Hanhong SCM Co., Ltd. and Shenzhen Sunnyway International Trading Company Limited (together with Harmonic Strait, collectively known as the "Deconsolidated Subsidiaries"). Therefore, the Board has been unable to access to the books and records of the Deconsolidated Subsidiaries. In the opinion of the Board, the consolidated financial statements of the Group for the year ended December 31, 2019, which were prepared on the basis that the deconsolidation of the Deconsolidated Subsidiaries was deemed to be effective on January 1, 2019 (the "Deconsolidation"), presented more fairly the results, state of affairs and cashflows of the Group as a whole in light of incomplete books and records of the Deconsolidated Subsidiaries. No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of Deconsolidated Subsidiaries since January 1, 2019. Therefore, the Deconsolidation was not in compliance with the requirements of Hong Kong Financial Reporting Standard ("HKFRS") 10 "Consolidated Financial Statements". Had the Deconsolidated Subsidiaries been consolidated up to the date when the control over the Deconsolidated Subsidiaries was lost, many elements in the consolidated financial statements would have been materially affected.

Loss on Deconsolidation of the Deconsolidated Subsidiaries

Due to lack of complete books and records of the Deconsolidated Subsidiaries mentioned above, we are unable to obtain sufficient appropriate audit evidence to determine whether the loss on the Deconsolidation amounting to approximately HK$120,156,000 was free from material misstatement. Accordingly, we are unable to ascertain the impact of the Deconsolidation.

Amount due to a Deconsolidated Subsidiary

The Group recorded amount due to a Deconsolidated Subsidiary of approximately HK$8,467,000 as at December 31, 2019. As further disclosed in note 21 to the financial information, the Board has been unable to gain access to the books and records of the Deconsolidated Subsidiary and has been unable to obtain information and explanations from management of the Deconsolidated Subsidiary on matters concerning the books and records of the Deconsolidated Subsidiary. There were no other satisfactory alternative audit procedures that we could perform to satisfy ourselves as to whether the amount due to a Deconsolidated Subsidiary was free from material misstatements. Due to these factors, we have not been able to obtain sufficient appropriate audit evidence to determine the validity and completeness of the amount due to a Deconsolidated Subsidiary as at December 31, 2019 and whether there were unrecorded transactions entered into with the Deconsolidated Subsidiary during the year ended December 31, 2019 which had been accounted for and in compliance with the requirements of applicable HKFRSs and the Hong Kong Listing Rules. Any adjustments found to be the required may have consequential significant effects on the balances of the amount due to a Deconsolidated Subsidiary, the recorded amounts and description of the relevant transactions with the Deconsolidated Subsidiary as at and for the year ended December 31, 2019 and other elements in the consolidated financial statements for the year ended December 31, 2019 and hence on the net liabilities of the Group as at December 31, 2019 and loss and other comprehensive income and cash flows of the Group for the year then ended and related disclosures thereof in the consolidated financial statements.

Limitation of scope on interest in an associate

As stated in note 14 to the financial information, the Group has accounted for its interest in an associate using the equity method. As at December 31, 2019, the carrying amount of the interest in an associate was approximately HK$586,000, and the Group's share of profit of an associate and impairment loss on interest in an associate for the year ended December 31, 2019 were approximately HK$5,396,000 and HK$46,445,000 respectively. However, during the course of our audit, we have not been able to obtain sufficient information and explanations from the management of the associate that we considered necessary in order to enable us to satisfy ourselves as to whether the Group's share of associate's result and impairment loss on interest in an associate for the year and thus the carrying amount of the interest in an associate included in the Group's consolidated statement of financial position as at December 31, 2019 are fairly stated and whether the summarised financial information of an associate as shown in the consolidated financial statements are properly disclosed. In addition, the impairment assessment on the recoverable amount of interest in an associate was based on asset approach determined by the Board of the Company. The key assumptions on asset approach are those regarding, discount on lack of marketability and discount on lack of control. However, the Board could not provide sufficient appropriate audit evidence to substantiate the appropriateness of adopting asset approach, the reasonableness of the above assumptions and financial data used in the asset approach and thus the carrying amount of the interest in an associate included in the Group's consolidated statement of financial position as at December 31, 2019 are fairly stated and whether the summarized financial information of an associate as shown in the consolidated financial statements are properly disclosed. There were no other satisfactory alternative audit procedures that we could adopt to obtain sufficient appropriate audit evidence in this regard.

Any adjustment to the amount of the above interest in an associate found to be necessary would affect the Group's net liabilities as at December 31, 2019 and the Group's loss for the year then ended and related disclosures to the consolidated financial statements.

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

Limitation of scope on revenue, cost of sales, trade receivables, other receivables, trade payables, tax payables and non-controlling interests of trading of security products business

Subsequent to the loss of control in 2020 for trading of security products and provision of security services business segment, the Board was unable to obtain cooperation from the new management of trading of security products business segment. We were unable to obtain sufficient appropriate audit evidence to determine whether the revenue, cost of sales, trade receivables, other receivables, trade payables, tax payables and non-controlling interests amounting to approximately HK$79,502,000, HK$64,044,000, HK$5,449,000, HK$5,749,000, HK$3,044,000, HK$2,961,000 and HK$8,872,000 respectively were free from material misstatement for the year ended December 31, 2019.

There were no other satisfactory alternative audit procedures that we could carry out to determine whether revenue and cost of sales for the year ended December 31, 2019 and trade receivables, other receivables, trade payables, tax payables and non-controlling interests as at December 31, 2019 were fairly stated.

Any adjustment to revenue, cost of sales, trade receivables, other receivables, trade payables, tax payables and non-controlling interests found to be necessary would affect the Group's net liabilities as at December 31, 2019 and the Group's loss and cash flows for the year then ended and related disclosures to the consolidated financial statements.

Limitation of scope on impairment on intangible assets and goodwill

As stated in notes 12 and 10 to the financial information, the intangible assets and goodwill arising from trading of security products and provision of security services business segment were approximately HK$11,188,000 and HK$489,000 respectively as at December 31, 2019. The Board carried out a full scope assessment of the recoverable amount of the cash generating units ("CGUs") of trading of security products and provision of security services business segment to which intangible assets and goodwill have been allocated. As a result of the impairment assessment, the Board considered that impairment loss of approximately HK$10,293,000 and HK$40,235,000 respectively on the intangible assets and goodwill arising from trading of security products and provision of security services business segment were provided for the year ended December 31, 2019. The impairment assessment on the recoverable amount of the CGUs performed by the Group were based on value-in-use calculations by reference to valuation reports prepared by an independent external valuer. The key assumptions for the value-in-use calculations are those regarding the growth rate and the projected revenue and related costs used in the cash flow forecasts. However, the Board could not provide sufficient audit evidence to substantiate the reasonableness of the above assumptions used in the cash flow forecasts.

Any adjustment to the amount of the above intangible assets and goodwill of trading of security products and provision of security services business segment found to be necessary would affect the Group's net liabilities as at December 31, 2019 and the Group's loss for the year then ended and related disclosures to the consolidated financial statements.

Limitation of scope on the fair value change of contingent consideration receivables

As stated in note 13 to the financial information, the carrying amount of contingent consideration receivables arising from the acquisition of trading of security products and provision of security services business segment was approximately HK$60,340,000 as at December 31, 2019. The amount of contingent consideration receivables is calculated with reference to the net loss after tax and forecast net loss after tax of trading of security products and provision of security services business segment for years ended December 31, 2019 and 2020 respectively.

The fair value of contingent consideration receivables was determined by the Board by reference to a valuation report prepared by an independent external valuer. The valuation report was based on the expected discounted cash flow method including the net loss after tax and forecast net loss after tax of trading of security products and provision of security services business segment for the years ended December 31, 2019 and 2020 respectively prepared by the Board (the "Profit Forecast"). The key assumption for the expected discounted cash flow method are those regarding the discount rates, financial performance for the year ended December 31, 2019 and the projected revenue and related costs used in the Profit Forecast. However, the Board could not provide sufficient audit evidence to substantiate the reasonableness of the above assumptions used in the Profit Forecast.

Any adjustment to the amount of the above fair value change of contingent consideration receivables found to be necessary would affect the Group's net liabilities as at December 31, 2019 and the Group's loss for the year then ended and related disclosures to the consolidated financial statements.

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

As stated in notes 11 and 15 to the financial information, as at December 31, 2019, the net carrying amounts of the loan receivables and trade receivables of the Group arising from its advancing business both amounted to HK$Nil. As at the reporting date, the Board has performed impairment assessment on its outstanding loan receivables, including the accrued interest balances. As a result of the assessment, impairment loss on loan receivables and trade receivables of approximately HK$111,128,000 and HK$11,525,000 respectively, have been provided for the year ended December 31, 2019. The Board has informed us that the impairment assessment has been performed based on credit reviews of the outstanding loan and interest balances, taking into account the ageing analysis, historical payment records and the assessment on the recoverable amount of pledged assets.

The new Board members appointed since December 2019 has assessed the recoverability of loan receivables and trade receivables and considered that the collectability was doubtful, however, we have not been able to obtain sufficient appropriate audit evidence regarding the impairment assessments of the outstanding loan receivables and trade receivables. The limitations included but not limited to (i) sufficiently documented credit risk assessments, basis and supporting documentation for the results of the credit reviews and (ii) assessment on the recoverable amount of pledged assets. Due to insufficient documentary evidence concerning the credit reviews and assessment on the recoverable amount of pledged assets made available to us, there were no other satisfactory alternative audit procedures we could perform to satisfy ourselves as to the recoverability of the net carrying amounts of the loan receivables, the recoverable amount of pledged assets and the adequacy of the allowance for impairment of the loan receivables and trade receivables and hence as to whether the carrying amount of the loan receivables and trade receivables for the year ended December 31, 2019 were free from material misstatements. Any adjustments to above matters found to be necessary would affect the Group's net liabilities as at December 31, 2019 and the Group's loss for the year then ended and the related disclosures to the consolidated financial statements.

ADDITIONAL INFORMATION ON AUDITOR'S OPINION

During the Current Year, the business and operation of the Group was managed by the Former Executive Management. As a matter of fact, all of the current directors and management of the Company (except Ms. Zhao Hong Mei (an executive director of the Company), Mr. Anthony Espina and Mr. Wang Jun Sheng (both being independent non-executive directors of the Company)) only joined the Company in or after December 2019 and took over the management function of the Company since then.

Views of the audit committee and the board on the auditor's opinion

The Audit Committee and the Board consider that the Company has provided all available audit evidence to the Auditor and, except for the uncertainty or possible effect of the matters leading to the Auditor's disclaimer of opinion disclosed herein, the performance and financial position of the Group for the financial year ended December 31, 2019 were reasonably presented.

After discussion with the Auditors on its basis of disclaimer of opinion to the Auditor's report, the Audit Committee and the Board agreed that the above matters are isolated incidents; and neither the Company's corporate governance, nor the impartiality of the Board and management, was materially impaired. However, in view of the disclaimer of opinion issued by the auditor for the year ended December 31, 2019 due to loss of control and limitation of scope on certain subsidiaries and associate, the Board, as agreed by the Audit Committee, has acknowledged that certain deficiencies or inadequacies may exist in the internal control and risk management systems of the Group and is currently contemplating to conduct a full scale and holistic review of the internal control system of the Group to identify and address if any, the material weaknesses and deficiencies thereof.

(I) Deconsolidation of subsidiaries

Details of the basis of this audit qualification

The Group has all along been liaising with the key management of the Deconsolidated Subsidiaries (the "Subsidiaries' Management") but failed to obtain relevant books and records of the Deconsolidated Subsidiaries for financial reporting and audit purpose. The Board has always used its best endeavours to maintain control and supervision over the operation of its subsidiaries in accordance with the Group's internal control and risks management systems. However since the beginning of 2020, when the management tried to discuss the audit arrangement and the day-to-day operation with the Subsidiaries' Management, the management detected that they have demonstrated an uncooperative attitude without any sound reason. The management suspected that the Subsidiaries' Management had been intentionally disobeying and neglecting the order and authority of the Group's headquarters in Hong Kong and its views are confirmed after repeated but unsuccessful attempts of the Board in exercising control over the Deconsolidated Subsidiaries through, among other things, arranging site visits for the Auditors to carry out the audit works, obtaining management accounts of the Deconsolidated Subsidiaries and requesting updates from the Deconsolidated Subsidiaries regarding its operation and financial performance. Advice has been sought from the Company's legal adviser as to the PRC laws and legal letters were sent to the Deconsolidated Subsidiaries on June 9, 2020 and July 2, 2020 requesting all necessary information and documents. Up to the date hereof, the Group has not obtained any reply from the Deconsolidated Subsidiaries. Accordingly, the Board resolved on July 7, 2020 that the Group no longer had control on the Deconsolidated Subsidiaries as it is no longer exposed, or had rights, to variable returns from its involvement with the Deconsolidated Subsidiaries, or the ability to affect those returns through its power over the Deconsolidated Subsidiaries. The control over the Deconsolidated Subsidiaries was considered to be lost. In view of the above circumstances, the Group decided to exclude the financial position, results and cash flows of the Deconsolidated Subsidiaries as at and for the year ended December 31, 2019. In the opinion of the Directors, the consolidated financial statements of the Group for the year ended December 31, 2019 were prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid incomplete books and records of the Deconsolidated Subsidiaries.

The view of the Board and the Audit Committee on this audit qualification

The Board and the audit committee acknowledged the views of the Auditors regarding the deconsolidation of the Deconsolidated Subsidiaries. After examining the evidence and documents available in relation to the loss of control of the Deconsolidated Subsidiaries, the Board and the audit committee were satisfied that the incident was caused by the improper and unlawful conduct and acts carried out by some of the members of the senior management of the Deconsolidated Subsidiaries intentionally neglecting the order and authority of the Group's management and the Board. The deconsolidation is beyond the control and without any fault of the Company and its Directors, the majority of which only joined the Company in or after December 2019.

Action plan of the Group to address this audit qualification

The Group will continue to make all lawful efforts to enforce and protect its shareholders' right. After consulting the Company's legal adviser as to the PRC laws, the Board is given to understand that the Company has legitimate grounds to use legal means to uphold the Company's right with the view to regaining control of the Deconsolidated Subsidiaries through the convening of shareholders' meeting to change the legal representative, supervisors and directors of the Deconsolidated Subsidiaries, and retrieving the necessary documents and information of the Deconsolidated Subsidiaries, and file criminal complaints if any wrong-doers in the senior management of the Deconsolidated Subsidiaries are identified to have, for instance, willfully breached their fiduciary duties to the Deconsolidated Subsidiaries. According to the Company's legal advisers as to the PRC laws, the Company has a relatively good prospect in regaining control of the Deconsolidated Subsidiaries and obtaining an order from the court to compulsorily demand the production of the relevant books and records and obtaining indemnifications from the wrong-doers based on the rights of the Company as shareholder of the Deconsolidated Subsidiaries. The Group is currently contemplating initiating civil actions against the Deconsolidated Subsidiaries in the second half of 2020. According to the Company's PRC legal advisors, these actions are expected to come to a conclusion in the second half 2021.

At the same time, to avoid the expenses of and uncertainties surrounding the initiation of civil and criminal actions, the Board is concurrently seeking an appropriate buyer engaged in distressed debt assets management to whom the Company can dispose of its entire equity interest in the Deconsolidated Subsidiaries as distressed assets on such terms and conditions which are fair and reasonable to the Company.

(II) Limitation of scope on interest in an associate

Details of the basis of this audit qualification

The Group has obtained management accounts for the year ended December 31, 2019 from the associate company concerned (the "Associate"). However, as explained by the management of the Associate, due to the effect of the COVID-19 pandemic outbreak, the Associate was not able to arrange relevant personnel and resources for the Auditors to perform the necessary audit work. The Board finds the explanation offered by the management of the Associate unsubstantiated and unacceptable but it cannot obtain further information and clarification from the senior management of the Associate to ascertain the situation. Although subsequently the situation of COVID-19 in Beijing was improved, the Associate expressed that they were having liquidity problem in the first quarter in 2020 and was still to be uncooperative in arranging for the necessary audit work. A legal letter has been sent to the Associate requesting for all necessary information and documents. Up to the date of this announcement, the Group has not obtained sufficient financial information for audit work from the Associate.

As a result, the Auditor is not able to obtain sufficient information and explanations from the management of the Associate that are necessary for them to satisfy themselves as to whether the Group's share of Associate's results and impairment loss on interest in the Associate for the year and thus the carrying amount of the interest in an Associate included in the Group's consolidated statement of financial position as at December 31, 2019 are fairly stated and whether the summarised financial information of the Associate as shown in the consolidated financial statements are properly disclosed. Due to the fact that the management of the Associate is not able to provide a forecast for a discounted cash flow preparation, the valuation of the Associate has been performed using asset approach, and an impairment amounted to HK$46.45 million was provided as a result.

The view of the Board and the Audit Committee on this audit qualification

The Board and the Audit Committee acknowledged the views of the auditors regarding the limitation of scope on interest in an Associate. After examining the evidence and documents collected by the Company's management regarding the limitation of scope on the interest of the Associate, the Board and the Audit Committee were satisfied that the incident was caused by the improper conduct and acts carried out by some of the members of the senior management of the Associate intentionally or unintentionally neglecting the order and authority of the Group's management and the Board. The inability to gather sufficient audit evidence is beyond the control and without any fault of the Company and its Directors, the majority of which only joined the Company in or after December 2019.

Action plan of the Group to address this audit qualification

The Group will try to keep an open dialogue with the management of the Associate and continue to make all necessary lawful efforts, including but not limited to making a complaint to China Banking and Insurance Regulatory Commission, to uphold its legal rights and interest. After consulting with the Company's legal adviser as to the PRC laws, the Board is given to understand that the Company has reasonable prospect in exercising its rights as shareholder of the Associate to demand the management of the Associate to produce the relevant books and records and take civil actions to uphold the Company's right with the view to retrieving the necessary documents and information over the Associate if it refuses to cooperate with the Company. According to the Company's PRC legal advisors, based on the circumstances surrounding the incident, they are of the opinion that the Company has legitimate grounds in obtaining an order from court to compulsorily demand the production of the relevant books and records if the Associate refuses to cooperate with the Company and the court. The Group is currently contemplating to initiate civil actions against the Associate in the second half of 2020 if its attempt to exercise its shareholder's rights fails. According to the Company's best estimation, it is likely these actions will come to a conclusion in the second half of 2021.

At the same time, to avoid the expenses of and uncertainties surrounding the initiation of civil actions, the Board is concurrently exploring the possibility of divesting the equity stake to the major shareholder of the Associate in order to streamline the resources for new business development.

(III) Limitation of scope on trading of security products and provision of security service business segment

Details of the basis of this audit qualification

As disclosed in the announcement of the Company dated June 30, 2020, due to the circumstances described therein, Dewe Kexin ceased to become a subsidiary of the Company. The management of Dewe Kexin failed to provide all the necessary information and documents for the audit works. Despite the management accounts and certain financial documents and contracts were provided, they did not constitute sufficient audit evidence for the Auditors to determine the accuracy and fairness of the subsidiary's financial statements.

The view of the Board and the Audit Committee on this audit qualification

The Board and the audit committee acknowledged the views of the auditors regarding the limitation of scope on Dewe Kexin. After examining the evidence and documents regarding the limitation of scope on the financial information of Dewe Kexin, the Board and the audit committee were satisfied that the inability to gather sufficient audit evidence is beyond the control and without any fault of the Company and its Directors, the majority of which only joined the Company in or after December 2019.

(IV) Limitation of scope on impairment of loan receivables and trade receivables

Details of the basis of this audit qualification

Since the management takeover by end of 2019, the loan portfolio under the Group's advancing business has been under cautious review and assessment. During the first half of 2020, demand letters have been sent to the borrowers by the Group's legal representative, but the Group received neither reply nor repayment from any borrowers. In view of the status of the overdue loans, the loss of contact of the borrowers, and difficulty to enforce the underlying pledged assets and personal guarantees located in Mainland China, the collectability of the loans was doubtful and the management made a full impairment provision against the outstanding amount of the loan portfolio. However, the Auditor is of the views that since no valuation on the underlying pledged assets and no sufficient audit evidence obtained for credit risk assessments over the borrowers and guarantors were performed, they could not obtain sufficient audit evidence that the full impairment on the loan portfolio provided by the management reflects fairly the recoverability of the loans.

The view of the Board and the Audit Committee on this audit qualification

The Company's management has consulted legal professional in both Mainland China and Hong Kong on the enforceability of the loan agreements and underlying pledged assets and personal guarantees. It was advised that (i) one of the borrowers has already filed bankruptcy in the PRC; (ii) validity of the personal guarantees provided by the two guarantors were uncertain; and (iii) some pledges may require sophisticated and costly legal procedures to realise. Due to the fact that most of the pledged assets are unlisted equity stakes in Mainland China companies, the management is given to understand that, even the pledges could be legally enforced, the chance to dispose of and realise the pledged assets is remote.

At the same time, to avoid the expenses of and uncertainties surrounding the initiation of legal actions for enforcing the repayment, personal guarantees and pledged assets, the board is concurrently exploring the possibility of divesting the loan receivables to distressed assets management company on such terms and conditions which are fair and reasonable to the Company.

Action plan of the Group to address this audit qualification

The Group will continue to seek legal advice from both Hong Kong and Mainland China legal advisors and try to enforce the rights under the loan agreements. At the same time, to avoid the expenses of and uncertainties surrounding the initiation of civil actions, the Board is concurrently seeking an appropriate buyer engaged in distressed debt assets management to whom the Company can dispose of loan receivables and/or the pledged assets as distressed assets on such terms and conditions which are fair and reasonable to the Company. If the Company is able to complete the aforesaid disposal or realization of the pledged asset before December 31, 2020, it is currently expected the basis of this audit qualification to the Company's financial statements for the year ended December 31, 2019 will not be carried forward to the year ending December 31, 2020.

Notwithstanding the above, the Board will continue to make all lawful efforts to protect and uphold rights and interests of the Company where necessary, take all reasonable steps to resolve these audit matters and work with the Company's auditor closely to see if the disclaimer of opinion has any carry-over effect to the Company's financial statements for the year ending December 31, 2020. Should all the above issues being resolved on or before end of 2020, the Group expects that the above disclaimer of opinion would only affect the opening balances of the consolidated financial statements for the year ending December 31, 2020 and the amount and allocation of profit or loss on the impaired assets between the two financial years 2019 and 2020. For the year ending December 31, 2021, it is expected that qualifications will only be on the comparative figures of the consolidated financial statements. Should everything spell out as planned, all the qualifications will be removed in the consolidated financial statements for the year ending December 31, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

By way of background, all of the current directors of the Company (except Ms. Zhao Hong Mei (an executive director of the Company), Mr. Anthony Espina and Mr. Wang Jun Sheng (both being independent non-executive directors of the Company)) only joined the Company in or after December 2019. During the Current Year, the business and operation of the Group was managed by the former executive management led by Ms. Cheung Kwan (the former executive director and chairlady of the Board prior to her removal as Director on December 19, 2019) ("Former Executive Management").

Business Review

Securities Brokerage and Assets Management

The Group's revenue generated from this segment decreased to HK$0.73 million in the Current Year (2018: HK$1.21 million). The decrease was attributable to the suspension of relevant SFC licenses in the second half of 2019. The licenses were suspended due to shortage of fund and failure to meet the liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules. The Group is in the process of applying resumption of the relevant SFC licenses which is expected to materialise earliest by the end of the third quarter of 2020 for Types 4 and 9 licenses and by the first half of 2021 for Types 1, 2 and 5 licenses.

Trading of Party Products

The trading of party products of the Group includes party accessories, decorations, cutlery and eatery wares from suppliers. The Group provided touch-ups to such products which include but not limited to adding festive elements to such products. The final products are sold to customers in Hong Kong and North America.

The Group's revenue of trading of party products was HK$40.97 million (2018: HK$51.48 million). The escalation of U.S. China trade disputes and deceleration of global economic growth has clouded the global trade outlook. The keen competition in this industry and continuous decrease in demand of party products in recent years led to decrease in the Group's revenue during the Current Year. Nonetheless, the Company will continue to develop this business segment.

Advancing business

No new loan was granted in 2019 and the loan portfolio component remained the same as in 2018. The new management appointed since December 2019 has assessed the recoverability of the loan portfolio and considered that the collectibility was doubtful. Full provision for impairment on loan receivable and interest receivable amounting to HK$111.13 million and HK$11.53 million were made during the Current Year respectively. The new management will continue to use its best endeavours to recover the loans including taking necessary legal actions to uphold its lawful rights and interests and to consider new business opportunity with an aim to generate a stable income stream to the Group.

Credit Guarantee and Investment Business

The Group did not generate any revenue from this business in 2019 (2018: HK$0.21 million). In February 2020, the license necessary for the operation of the credit guarantee and investment business in Mainland China was being terminated. Since the Board has been unable to access the books and records of the PRC subsidiaries operating this segment (the "Deconsolidated Subsidiaries") despite the fact that the Board has taken all reasonable steps to resolve the matter, the Board considers that the Group no longer has control over the Deconsolidated Subsidiaries. Accordingly, the Group recorded a loss on deconsolidation of subsidiaries amounted to HK$120.16 million. The Group has sought advice from its PRC legal advisors and has been making lawful efforts to protect and uphold its rights and interests. According to the Company's PRC legal advisors, based on the circumstances surrounding the loss of control of the Deconsolidated Subsidiaries, they are of the opinion that the Company has a relatively good prospect in regaining control of the Deconsolidated Subsidiaries and obtaining an order from the court to compulsorily demand the production of the relevant books and records of the Deconsolidated Subsidiaries. The Group is currently contemplating to initiate civil actions against the Deconsolidated Subsidiaries in the second half of 2020.

Trading of Metals and Minerals

During the year, the Group did not generate any revenue from this business segment. The management will continue to consider new business opportunity with an aim to generate a stable income stream to the Group.

Trading of Security Products and Provision of Security Services

The Group completed the acquisition of the (i) entire issued share capital of International Security Net Co., Limited (國際安全網有限公司) ("International Security Net") and (ii) 51% equity interest in Dewe Kexin (Beijing) Technology Co., Ltd. (德威可信(北京)科技有限公司) ("Dewe Kexin") (collectively, the "Acquired Group") at the total consideration of HK$70,000,000 in December 2018 and commenced the trading of security products and provision of security services business segment. During the Current Year, the Group's revenue from the trading of security products and provision of security services was HK$81.92 million (2018: HK$1.52 million).

As disclosed in the announcement of the Company dated August 27, 2019, the Acquired Group has fulfilled the guaranteed profit of the Acquired Group for the financial year ended December 31, 2018.

A share pledge (the "Share Pledge") over 51% equity interest in Dewe Kexin was created as security for a loan in a principal amount of RMB5,000,000 (the "Loan") was registered on January 14, 2020. The Share Pledge was subsequently enforced on February 17, 2020. As a result, Dewe Kexin ceased to become a subsidiary of the Group ("Dewe Deconsolidation"). As a result of the Dewe Deconsolidation, (i) the Auditors cannot gather sufficient audit evidence of Dewe Kexin for the determination of the profit guarantee of International Security Net and Dewe Kexin for the financial year ended December 31, 2019 as stipulated under the sale and purchase agreement (the "2019 Profit Guarantee"); and (ii) the profit guarantee for the financial year ending December 31, 2020 as stipulated under the sale and purchase agreement (the "2020 Profit Guarantee") cannot be executed.

As disclosed in the announcement of the Company dated June 30, 2020, the Group and the original vendors of Dewe Kexin and International Security Net entered into a supplemental deed (the "Deed"), pursuant to which the parties thereto irrevocably acknowledged and agreed to the use of the unaudited financial statements of the Acquired Group for the determination of the 2019 Profit Guarantee and the non-fulfillment of the 2019 Profit Guarantee and cancellation of corresponding portion of the convertible bonds in the principal amount of HK$26.25 million (the "2019 CB Cancellation"), as well as the termination of the 2020 Profit Guarantee and cancellation of the corresponding portion of the convertible bonds in the principal amount of HK$35 million (the "2020 CB Cancellation").

As a result of the 2019 CB Cancellation and the 2020 CB Cancellation, the remaining balance of the principal amount of the 2021 Convertible Bonds would be HK$8.75 million (the "Remaining CB"). On June 30, 2020, B&R Security International Company Limited (一帶一路安保國際有限公司) and Asia Investment Huijin (Beijing) Assets Management Co., Ltd. (亞投匯金(北京)資產管理有限公司) (both of which being wholly-owned subsidiaries of the Company and collectively referred to as the "Vendors") and Beijing Dewe Security Services Co., Limited (北京德威保安服務有限公司) (the "Purchaser") entered into a disposal agreement (the "Disposal Agreement"), pursuant to which the Vendors agreed to sell, and the Purchaser agreed to purchase, (i) the entire issued share capital of International Security Net; and (ii) an other receivables in the amount of RMB5,000,000 for a total consideration of HK$8,750,000 which shall be settled by offsetting the Remaining CB.

Subsequent to the disposal of International Security Net, the trading of security products and provision of security services business would cease in 2020. The management considers it to be beneficial to the development of the Group as this would allow it to concentrate its resources for the development of other more profitable business segments.

For details, please refer to note 23 to the financial information.

FINANCIAL REVIEW

The Company's Auditor has expressed a disclaimer of opinion on the consolidated financial statements of the Group for the financial year ended December 31, 2019, which mainly arises from loss of control of certain PRC subsidiaries, as well as limitation of scope on certain valuation and financial information of certain subsidiaries and an associate. For details, please refer to the sections headed "Extract of Independent Auditor's Report" and "Additional Information on Auditor's Opinion".

Revenue and Results

During the Current Year, the Group's total revenue was HK$135.61 million, representing an increase of 103% as compared to HK$66.93 million for the year ended December 31, 2018 (the "Last Year"). The increase in total revenue was mainly attributable to the increase in revenue of trading of security products and provision of security services to HK$81.92 million during the Current Year (2018: HK$1.52 million).

The Group's gross profit in the Current Year was HK$30.51 million, representing an increase by 86%, as compared to HK$16.38 million of the Last Year. The gross profit margin in the Current Year was 22.5% (2018: 24.5%).

The Group's net loss attributable to equity shareholders of the Company for the Current Year increased by 269% to HK$380.38 million for the Current Year as compared to HK$103.03 million in the Last Year. The increase in loss for the Current Year was mainly attributable to: (i) the impairment loss on goodwill and intangible asset of approximately HK$71.92 million; (ii) the impairment loss on interest in an associate of approximately HK$46.45 million; and (iii) impairment loss of approximately HK$147.72 million on loan receivables, trade receivables, deposit paid and other receivables of the Group.

During the Current Year, the loss per share of the Company was HK40.68 cents (2018: 11.05 cents (restated)).

Details of the financial review of the respective businesses of the Group are set out in the above "Business Review" in the Management Discussion and Analysis section.

Operating Expenses

The Group's operating expenses decreased to HK$79.19 million in the Current Year as compared to HK$86.66 million in the Last Year.

Finance Costs

Finance costs during the Current Year were HK$15.68 million (2018: HK$7.43 million). The increase was mainly due to the interest on convertible bonds matured in 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at December 31, 2019, net current liabilities were HK$109.70 million (2018: net current assets HK$120.70 million). The Group's current ratio was 0.45 (2018: 1.68). The decrease in current ratio was mainly attributable to full impairment on the Group's loan receivables during the year. As at December 31, 2019, the Group's gearing ratio was 317% (2018: 34%), which was calculated as net debts divided by total equity attributable to shareholders of the Company plus net debts. The Group's net debts include convertible bonds and other loan less cash and bank balances.

As at December 31, 2019, the Group has an other loan of HK$13 million which was overdue, unsecured and was repayable on demand with fixed interest rate of 5% per annum. Save as disclosed above, the Group did not have any other bank and other borrowings. There is no significant seasonality of bank and other borrowings demand of the Group. As at December 31, 2019, the Group had cash and bank balances of HK$13.53 million (2018: HK$22.91 million). The cash and bank balances were denominated in HK dollar, Renminbi and US dollar. The Group has no structured investment products and foreign exchange contracts. The Group is not exposed to material fluctuations in exchange rates.

As at December 31, 2019, the Group had net liabilities of approximately HK$101.32 million (2018: net assets HK$292.62 million). Having considered (i) the loans from Mr. Ng Yu (the chairman, executive director and the substantial shareholder of the Company) of HK$35,000,000 received in the first half of 2020 which are repayable on demand and interest charged at 2.5% per annum, (ii) net proceeds from placing of new shares of HK$17.97 million received in April 2020, (iii) the undertaking by the bondholder (which Mr. Ng Yu is the beneficial owner) to extend the maturity of convertible bonds with principal amount of HK$100 million by two years to February 18, 2022 and (iv) Mr. Ng Yu, has confirmed his intention to provide continuing financial support to satisfy the Group's working capital and other financing requirement through continual renewal of borrowings or continual provision of additional financing to the Group, the directors consider that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future.

CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

As at December 31, 2019, the authorised share capital of the Company was HK$10,000,000,000 divided into 10,000,000,000,000 shares of HK$0.001 each, and the issued share capital of the Company was HK$937,797 divided into 937,797,200 shares of HK$0.001 each.

Major changes in relation to the capital structure of the Company for the year ended 31 December 2019 are as follow.

A. *Share Capital*

Please refer to note 17 to the financial information in this announcement for details of the movement of the share capital of the Group.

The Issue of New Shares Under General Mandate

On 18 March 2019, the Company entered into subscription agreements with each of 廣州富興華倫置業投資有限公司 (for transliteration purpose: Guangzhou Fuxing Hualun Property Investment Co. Ltd.) (the "First Subscriber"), 皮社勝先生 (Mr. Pi Shesheng) (the "Second Subscriber"), 關國釗先生 (Mr. Guan Guozhao) (the "Third Subscriber") and 嚴怡翔先生 (Mr. Yan Yixiang) (the "Fourth Subscriber") (collectively, the "Subscribers"), pursuant to which the Subscribers agreed to subscribe and the Company agreed to issue a total of 300,000,000 new shares of the Company at the price of HK$0.10 per share (the "Subscription Shares"). The Subscription Shares shall be issued pursuant to the general mandate granted to the directors of the Company by resolution of the shareholders passed at the Company's annual general meeting held on June 22, 2018 to allot and issue up to a maximum of 1,865,434,400 shares. The net proceeds from the subscriptions of approximately HK$29.9 million was intended to be used as working capital of the Group.

On July 15, 2019, the Company entered into the following agreements with each of the Subscribers:

(i) a termination agreement with the First Subscriber to terminate the subscription agreement entered into between the Company and the First Subscriber on March 18, 2019 with immediate effect;

(ii) a supplemental agreement with the Second Subscriber, pursuant to which the number of Subscription Shares to be subscribed by the Second Subscriber shall be reduced from 100,000,000 shares to 20,000,000 shares;

(iii) a supplemental agreement with the Third Subscriber, pursuant to which the number of Subscription Shares to be subscribed by the Third Subscriber shall be reduced from 50,000,000 shares to 9,300,000 shares; and

(iv) a supplemental agreement with the Fourth Subscriber, pursuant to which the number of Subscription Shares to be subscribed by the Fourth Subscriber shall be reduced from 50,000,000 shares to 21,500,000 shares.

The total number of new Share finally issued were 50,800,000 shares. The net proceeds of approximately HK$4.9 million from the subscriptions were fully utilised as working capital of the Group as intended. The subscriptions were completed on July 22, 2019.

B. Share Options

Immediately prior to the Capital Reorganisation becoming effective, the exercise price of the outstanding share options ("Outstanding Share Options") granted under the Share Option Scheme was HK$0.15 per Share and the number of Shares may be issued pursuant to the Outstanding Share Options was 836,000,000 Shares. As a result of the Capital Reorganisation and pursuant to the terms of the Share Option Scheme, the exercise price of the Outstanding Share Options has been adjusted to HK$1.50 per consolidated share and the number of consolidated shares may be issued pursuant to the Outstanding Share Options has been adjusted to 83,600,000 consolidated shares. The said adjustment took effect from July 24, 2019, being the date the Capital Reorganisation becoming effective.

C. Convertible Bonds

Details on the movements of the convertible bonds during the years ended December 31, 2019 and 2018 and the outstanding convertible bonds as at December 31, 2019 and 2018 are set out in note 18 to the financial information.

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

MERGERS, ACQUISITIONS AND DISPOSAL

The Group did not have any merger, acquisition or disposal during the year.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during the year.

CHARGE OF ASSETS

As at December 31, 2019, the Group did not have any charge of assets except the followings:

During the year, Market Speed Limited took out a claim against AIF Happy Services Limited ("AIF") for, inter alia, outstanding fees and expenses in respect of a vessel named "亞投金融" (the "Vessel") held by AIF at the High Court of Hong Kong under Action No.: HCA 236 of 2019.

On July 3, 2019, Market Speed Limited and Li Yee Man Anly (trading as Ming Fai Marine Service) (the "Plaintiffs") took out an action in rem under the Admiralty Jurisdiction of the High Court for arrest of the Vessel under Action No.: HCAJ 69 of 2019. By a Court Order dated August 16, 2019, the Vessel was arrested by the Chief Bailiff of Hong Kong. As such, the Vessel is no longer under the possession of AIF. On December 31, 2019, an order to sell the Vessel by public tender was granted.

Due to the earlier closure of courts based on public health considerations, the Invitation to Tender was only advertised with submission closing on May 28, 2020.

The Plaintiffs and AIF conducted a settlement meeting on May 25, 2020 and a Deed of Settlement was executed between the parties on June 3, 2020 withdrawing HCA 236 of 2019, HCAJ 69 of 2019 and all other claims relating to the Vessel. The Vessel was released, unencumbered, back to AIF's ownership and possession on June 4, 2020.

Reference to note 20 to the financial information in this announcement, the provision of HK$6,580,000 as at December 31, 2019 was settled. Up to the date of this announcement, a total of approximately HK$7,180,000 has been paid by the Company for settlement in relation to the Plaintiffs' claim and the Bailiff's fees and expenses.

As at December 31, 2019, the carrying value of the vessel is HK$16,875,000 (2018: HK$19,575,000).

CONTINGENT LIABILITIES

As at December 31, 2019, the Group did not have any material contingent liabilities.

FOREIGN CURRENCY RISK

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

HUMAN RESOURCES

As at December 31, 2019, the Group had 27 employees (December 31, 2018: 55 employees). It is the Group's policy to recruit the right person for each position based on the person's qualification and experience. The remuneration of each employee is reviewed every year based on the performance of the employee with reference to the prevailing market conditions.

COMMITMENTS

As at December 31, 2019, the Group did not have any material capital commitment.

PROSPECTS

The Hong Kong economy is subject to unprecedented challenges, in the midst of COVID-19 pandemic, deglobalisation, protectionism and the domestic social movements. Nevertheless, Hong Kong is ranked as one of the most competitive cities/regions according to the "World Competitiveness Ranking 2020" by IMD World Competitiveness Center, Switzerland, and is always the most robust and resilient international financial center which has a successful track record of weathering through any global economic downturns and financial crises in the past few decades. Despite the challenges, there exists tremendous opportunities for the Group in China (including Hong Kong), the second largest economy and private wealth management market in the world. With the announcement of the key strategic initiatives of the Guangdong-Hong Kong-Macao Greater Bay Area, the economic developments in the region will be expedited. In addition, the recent rapid developments of Fintech applications offer tremendous windows of opportunities for innovation and disruptive business models and strategies.

The Group is dedicated to providing one-stop financial services including securities and commodities trading, fund and asset management, advancing and investments. The Group is licensed to carry out Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 5 (Advising on Futures Contracts) and Type 9 (Asset Management) regulated activities under Securities and Futures Ordinance ("Licenses") which were suspended in the second half of 2019 due to shortage of fund. After the new board has assumed the overall management responsibilities of the Group, intensive business restructuring program has been carried out including injecting additional working capital, restructuring of the non-performing assets and businesses and strengthening the internal control systems. Applications have been made to the SFC for resumption of the Licenses. It is expected that the resumption of the Type 4 (Advising on Securities) and Type 9 (Asset Management) Licenses will materialise earliest by the end of third quarter of 2020 while that of the Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts) and Type 5 (Advising on Futures Contracts) Licenses will materialise earliest by the first half of 2021. In the meantime, the Group is rebuilding the operations with a view to preparing for resumption of the licensed business and maintaining the trading businesses.

To capture the opportunities ahead, the Group will explore possibilities of application of the most advanced technology and look for any business opportunities that will provide satisfactory returns to the shareholders.

OTHER INFORMATION

Purchases, Sales or Redemption of Listed Securities

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

Compliance with Code on Corporate Governance Practices

For the year ended December 31, 2019, the Company has complied with the code provisions set out in the CG Code as set out in Appendix 14 of the Listing Rules except the following.

Under A.2.1 of the CG Code, the role of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual and the division of responsibilities between Chairman and Chief Executive Officer should be established and set out in writing. Since January 10, 2011, the Company has not had any Chief Executive Officer. The functions of Chief Executive Officer were performed by the Executive Committee. The Board considers that this structure will not impair the balance of the power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development. Subsequently, Mr. Chan Chi Ming was appointed as the Chief Executive Officer of the Company on April 6, 2020.

Code provision A.6.7 of the Code requires that Independent Non-executive Directors and other Non-executive Directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Three Independent Non- executive Directors did not attend the extraordinary general meeting held on May 23, 2019 and the annual general meeting held on June 18, 2019 due to their other business engagements.

Model Code for Securities Transactions by Directors

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding directors' dealing in securities since its listing on November 19, 2007. Having made specific enquiries to all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code for the Current Year.

Employees and Remuneration Policies

The remuneration policy of the senior management of the Group is set up by the remuneration committee of the Company (the "Remuneration Committee") on the basis of the merits, qualifications and competence of employees. The emoluments of the Directors are decided by the Remuneration Committee with regard to the Group's operating results, individual performance and comparable market statistics. Based on information available to the Board and to the best knowledge of the Board, none of the Directors or any of their associates, and executive is involved in deciding his own remuneration during the year. As at December 31, 2019, the Group had 27 employees (2018: 55 employees). The Group remunerates its employees based on their individual performance, job nature and responsibilities. Moreover, the Group provides its employees with training and various benefits including medical care, provident funds, bonuses and other incentives.

Audit Committee

The Company has an Audit Committee in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal control system and providing advice and comments to the Board. The Audit Committee consists of three independent non-executive Directors of the Company.

The audited consolidated financial statements of the Group for the year ended December 31, 2019 have been reviewed and approved by the audit committee of the Company (the "Audit Committee"). The Audit Committee is of the opinion that such audited consolidated financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements, save as those disclosed in the Auditors' disclaimer of opinion. The Audit Committee therefore recommended for the Board's approval of the Group's audited consolidated financial statements for the year ended December 31, 2019.

Publication of Annual Results and Annual Report

This announcement is published on the websites of the Company (www.ahfh.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended December 31, 2019 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the year. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board
Amber Hill Financial Holdings Limited
Ng Yu
Chairperson & Executive Director

Hong Kong, July 7, 2020

As at the date of this announcement, our executive directors of the Company are Mr. Ng Yu, Mr. Wei Weicheng, Mr. Lin Feng, Mr. Chan Chi Ming and Ms. Zhao Hong Mei; our non-executive Director of the Company is Mr. Huang Shao Long and our independent non-executive directors of the Company are Mr. Anthony Espina and Mr. Wang Jun Sheng and Mr. Lo Hang Fong.