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盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 851)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the “**Directors**”, collectively referred to as the “**Board**”) of Sheng Yuan Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”) together with the comparative figures for the corresponding year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fee and commission income	5	44,549	8,804
Interest income	5	—	40
		44,549	8,844
Other gains and losses	6	(556)	(17,108)
Other income	7	793	618
Staff costs	9	(12,329)	(25,723)
Depreciation		(3,072)	(1,542)
Finance costs	8	(6,893)	(23,294)
Other expenses	9	(8,019)	(19,360)

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) before income tax	9	14,473	(77,565)
Income tax (expense)/credit	10	<u>(2,467)</u>	<u>201</u>
Profit/(Loss) for the year		<u>12,006</u>	<u>(77,364)</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences on translating foreign operations			
Exchange differences arising during the year		<u>10</u>	<u>14</u>
Other comprehensive income for the year		<u>10</u>	<u>14</u>
Total comprehensive income for the year		<u>12,016</u>	<u>(77,350)</u>
Profit/(Loss) for the year attributable to:			
— Owners of the Company		12,006	(77,334)
— Non-controlling interests		<u>—</u>	<u>(30)</u>
		<u>12,006</u>	<u>(77,364)</u>
Total comprehensive income for the year attributable to:			
— Owners of the Company		12,016	(77,320)
— Non-controlling interests		<u>—</u>	<u>(30)</u>
		<u>12,016</u>	<u>(77,350)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(loss) per share			
— Basic	12	<u>0.31</u>	<u>(2.02)</u>
— Diluted		<u>0.31</u>	<u>(2.02)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,977	2,911
Right-of-use assets	<i>16</i>	6,310	8,612
Trading rights		–	–
Goodwill		–	–
Other assets		1,730	1,705
Long-term deposit		806	–
		<hr/> 10,823	<hr/> 13,228
Current assets			
Trade and other receivables and prepayments	<i>13</i>	21,776	4,133
Held for trading investments	<i>14</i>	20	26
Current tax assets		–	678
Trust bank balances held on behalf of clients		12,644	17,394
Cash and cash equivalents		34,649	29,840
		<hr/> 69,089	<hr/> 52,071
Current liabilities			
Trade and other payables and accruals	<i>15</i>	15,875	18,739
Borrowings		–	100,142
Lease liabilities	<i>16</i>	1,966	1,896
Contract liabilities		736	450
Current tax liabilities		2,407	–
		<hr/> 20,984	<hr/> 121,227
Net current assets/(liabilities)		<hr/> 48,105	<hr/> (69,156)

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current liabilities			
Borrowings		104,988	–
Lease liabilities	<i>16</i>	<u>4,702</u>	<u>6,850</u>
		<u>109,690</u>	<u>6,850</u>
Net liabilities		<u>(50,762)</u>	<u>(62,778)</u>
EQUITY			
Share capital		190,985	190,985
Reserves		<u>(241,747)</u>	<u>(253,763)</u>
Capital deficiency attributable to owners of the Company		(50,762)	(62,778)
Non-controlling interests		<u>–</u>	<u>–</u>
Capital deficiency		<u>(50,762)</u>	<u>(62,778)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

Sheng Yuan Holdings Limited (the “**Company**”) is an exempted company with limited liability incorporated and domiciled in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 26th Floor, 238 Des Voeux Road Central, Sheung Wan, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of securities brokerage and financial services, asset management services, proprietary trading and trading business.

The consolidated financial statements for the year ended 31 December 2020 were approved for issue by the board of directors on 30 March 2021.

2. ADOPTION OF NEW OR AMENDED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

2.1 New or amended HKFRSs effective for annual period beginning on or after 1 January 2020

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group. HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA.

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

The adoption of new or amended HKFRSs has no material impact on the Group’s financial statements.

2.2 New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group’s financial statements, have been issued but are not yet effective and have not been early adopted by the Group. The directors of the Company anticipate that these pronouncements will be adopted in the Group’s accounting policies for the first period beginning after the effective date of the pronouncement.

Amendments to HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current ⁴ Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 16 Amendments to HKAS 37 HKFRS 17	Proceeds before Intended Use ² Onerous Contracts — Cost of Fulfilling a Contract ² Insurance Contracts ⁴
Amendments to HKFRS 3 Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 HKFRSs 2018-2020	Reference to the Conceptual Framework ³ Interest Rate Benchmark Reform — Phase 2 ¹ Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020) — Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

Amendments to HKAS 16 — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS 3 — Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, *First-time Adoption of Hong Kong Financial Reporting Standards*, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, *Financial Instruments*, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, *Leases*, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, *Agriculture*, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The directors of the Company are currently assessing the possible impact of these new or revised standards on the Group’s results and financial position in the first year of application. The directors of the Company anticipate that these new or amended HKFRSs are not expected to have a material impact on the Group’s financial statements.

3. BASIS OF PREPARATION

As at 31 December 2020, the Group had net liabilities of approximately HK\$51 million (2019: approximately HK\$63 million) that included borrowings with a principal amount of approximately HK\$100 million (2019: HK\$100 million) from a wholly-owned subsidiary of the Company's substantial shareholder, Yuanyin Holdings Limited, which will be due in January 2022. 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.

Given the above conditions, the Company's directors have prepared a cash flow projection (“**Projection**”) for a period of twelve months after the end of the reporting period, after taking into consideration the following:

- Subsequent to the end of the reporting period, the substantial shareholder, Yuanyin Holdings Limited, has agreed to provide sufficient working capital to satisfy the Group's working capital and other financing requirement and the Company has entered into an extension agreement with the lender to extend the loan to January 2023; and
- The Group is working on expanding its operations through soliciting new customers and shall continue to apply various measures to tighten its operating expenditures in order to improve its financial performance and cash flows.

Based on the above measures, the Company's directors are of the opinion that the Group will be able to generate sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the forecast period under the Projection. Accordingly, the consolidated financial statements are prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the 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 financial statements.

4. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major service lines as follows:

- (a) securities brokerage and financial services — provision of discretionary and non-discretionary dealing services for securities and futures contracts, securities placing and underwriting services, margin financing and money lending services, corporate finance advisory and general advisory services;
- (b) asset management services — provision of fund management and discretionary portfolio management and investment advisory services;
- (c) proprietary trading — investment holding and securities trading; and
- (d) trading business — trading of chemical products and energy and minerals products.

No operating segments identified have been aggregated in arriving at the reportable segments of the Group. Each of these operating segments is managed separately as each of the service lines requires different resources as well as marketing approaches.

2020	Securities brokerage and financial services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue					
External customers					
— Fee and commission income	32,516	12,033	–	–	44,549
— Interest income	–	–	–	–	–
	<u>32,516</u>	<u>12,033</u>	<u>–</u>	<u>–</u>	<u>44,549</u>
Inter-segment	–	–	–	–	–
	<u>32,516</u>	<u>12,033</u>	<u>–</u>	<u>–</u>	<u>44,549</u>
Fee and commission income from external customers					
— Timing of revenue recognition					
Point in time	32,516	–	–	–	32,516
Over time	–	12,033	–	–	12,033
	<u>32,516</u>	<u>12,033</u>	<u>–</u>	<u>–</u>	<u>44,549</u>
— Geographical region					
Hong Kong	32,516	12,033	–	–	44,549
Mainland China	–	–	–	–	–
	<u>32,516</u>	<u>12,033</u>	<u>–</u>	<u>–</u>	<u>44,549</u>
Reportable segment result	<u>24,390</u>	<u>3,341</u>	<u>(468)</u>	<u>(38)</u>	<u>27,225</u>
Depreciation	19	37	–	–	56
Loss allowances on trade receivables	303	141	–	–	444
Fair value loss on held for trading investments	–	–	6	–	6
Finance costs	–	–	–	–	–
Net losses on written off property, plant and equipment	62	19	58	–	139
Reportable segment assets	<u>30,624</u>	<u>5,089</u>	<u>147</u>	<u>38</u>	<u>35,898</u>
Reportable segment liabilities	<u>13,475</u>	<u>431</u>	<u>41</u>	<u>60</u>	<u>14,007</u>

2019	Securities brokerage and financial services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Proprietary trading <i>HK\$'000</i>	Trading business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue					
External customers					
— Fee and commission income	330	8,474	—	—	8,804
— Interest income	40	—	—	—	40
	370	8,474	—	—	8,844
Inter-segment	—	—	—	—	—
	<u>370</u>	<u>8,474</u>	<u>—</u>	<u>—</u>	<u>8,844</u>
Fee and commission income from external customers					
— Timing of revenue recognition					
Point in time	330	—	—	—	330
Over time	—	8,474	—	—	8,474
	<u>330</u>	<u>8,474</u>	<u>—</u>	<u>—</u>	<u>8,804</u>
— Geographical region					
Hong Kong	330	8,474	—	—	8,804
Mainland China	—	—	—	—	—
	<u>330</u>	<u>8,474</u>	<u>—</u>	<u>—</u>	<u>8,804</u>
Reportable segment result	<u>(12,746)</u>	<u>(16,321)</u>	<u>(7,059)</u>	<u>(2,240)</u>	<u>(38,366)</u>
Depreciation	21	60	12	—	93
Impairment losses on goodwill	—	7,000	—	—	7,000
Loss allowances on trade receivables	—	4,570	—	—	4,570
Fair value loss on held for trading investments	—	—	5,610	—	5,610
Finance costs	1	—	—	—	1
Reportable segment assets	<u>19,403</u>	<u>1,663</u>	<u>194</u>	<u>64</u>	<u>21,324</u>
Expenditures for additions to non-current segment assets*	—	—	—	—	—
Reportable segment liabilities	<u>17,599</u>	<u>847</u>	<u>40</u>	<u>3</u>	<u>18,489</u>

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that other income; directors' emoluments; interest expenses on the borrowings from a related company; and corporate income and expenses which are not directly attributable to the business activities of any operating segment are not included in arriving at the operating results of the operating segments. Common expenditures are allocated between operating segments based on proportion of segment revenue where necessary. Inter-segment revenue are charged on the expenses incurred by the relevant subsidiary plus certain percentage.

Segment assets include all assets but do not include current tax assets and bank balances of the Group. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarters. Segment liabilities include all liabilities but do not include borrowings and current tax liabilities. In addition, corporate liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Reportable segment revenue	<u>44,549</u>	<u>8,844</u>
Group's revenue	<u><u>44,549</u></u>	<u><u>8,844</u></u>
Reportable segment result	27,225	(38,366)
Other income	793	618
Finance costs	(6,893)	(23,293)
Gain on disposal of subsidiaries	–	10
Corporate expenses**	<u>(6,652)</u>	<u>(16,534)</u>
Group's profit/(loss) before income tax	<u><u>14,473</u></u>	<u><u>(77,565)</u></u>

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	35,898	21,324
Current tax assets	–	678
Cash and cash equivalents	34,649	29,840
Corporate assets	9,365	13,457
	<u> </u>	<u> </u>
Group's assets	79,912	65,299
	<u> </u>	<u> </u>
Reportable segment liabilities	14,007	18,489
Borrowings	104,988	100,142
Current tax liabilities	2,407	–
Corporate liabilities	9,272	9,446
	<u> </u>	<u> </u>
Group's liabilities	130,674	128,077
	<u> </u>	<u> </u>

	Reportable		Unallocated		Consolidated	
	2020	2019	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other material items						
Depreciation and amortisation	56	93	3,016	1,449	3,072	1,542
Finance costs	–	1	6,893	23,293	6,893	23,294
Expenditures for additions to non-current assets*	–	–	–	2,933	–	2,933
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets*. The geographical location of customers is based on the location at which the subsidiary operates. The geographical location of non-current assets* is based on the physical location of the asset, in the case of property, plant and equipment and right-of-use assets.

	Revenue from external customers		Non-current assets*	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (domicile)#	44,549	8,844	9,093	11,515
Mainland China	—	—	—	8
	<u>44,549</u>	<u>8,844</u>	<u>9,093</u>	<u>11,523</u>

* Non-current assets exclude deferred tax assets and other assets.

** mainly staff costs, including directors' emoluments, and other professional fees.

The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8, Operating Segments.

The Group's customers include the following with whom transactions have exceeded 10% of the Group's revenue:

	2020	2019
	HK\$'000	HK\$'000
Customer A <i>(note i)</i>	15,448	N/A
Customer B <i>(note i)</i>	7,750	N/A
Customer C <i>(note i)</i>	5,872	N/A
Customer D <i>(note ii)</i>	N/A	5,044
Customer E <i>(note ii)</i>	N/A	1,222

Notes:

- i. Revenue from these customers is attributable to securities brokerage and financial services segment.
- ii. Revenue from these customers is attributable to asset management services segment.

5. FEE AND COMMISSION INCOME, INTEREST INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Fee and commission income		
Securities brokerage and financial services segment:		
— Securities and futures brokerage	1,125	159
— Underwriting and placing	31,082	21
— Others	309	150
	<u>32,516</u>	<u>330</u>
Asset management services segment:		
— Fund and portfolio management and investment advisory	12,033	8,474
	<u>44,549</u>	<u>8,804</u>
Interest income		
— Margin financing and money lending	—	40
	<u>—</u>	<u>40</u>
Total	<u><u>44,549</u></u>	<u><u>8,844</u></u>

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables (<i>Note 13</i>)	20,722	1,182
Contract liabilities	736	450
	<u><u>20,722</u></u>	<u><u>1,182</u></u>

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its customer contracts relating to fund and portfolio management and investment advisory services such that the Group had not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less and any estimated amounts of variable consideration that are constrained.

6. OTHER GAINS AND LOSSES

	2020	2019
	HK\$'000	HK\$'000
Changes in fair value of held for trading investments	(6)	(5,610)
Gains on disposal of subsidiaries	–	10
Impairment losses on goodwill	–	(7,000)
Loss allowances on trade receivables	(444)	(4,570)
Net foreign exchange gains	1	33
Net (loss)/gains on disposals/write off of property, plant and equipment	(107)	5
Others	–	24
	<u>(556)</u>	<u>(17,108)</u>

7. OTHER INCOME

	2020	2019
	HK\$'000	HK\$'000
Interest income from banks and others	3	32
Sundry income	790	586
	<u>793</u>	<u>618</u>

8. FINANCE COSTS

	2020	2019
	HK\$'000	HK\$'000
Interest on bank and other borrowings	–	1
Interest on loans from a director of the Company and related companies	5,905	22,862
Interest on lease liabilities (note 16)	988	431
	<u>6,893</u>	<u>23,294</u>

9. LOSS BEFORE INCOME TAX

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before income tax is arrived at after charging:		
Staff costs, including directors' emoluments		
— Fees, salaries, allowances and bonuses	12,619	25,593
— Retirement benefit scheme contributions*	(290)	130
	<u>12,329</u>	<u>25,723</u>
Other expenses		
— Auditor's remuneration	1,300	1,300
— Entertainment and gifts	71	471
— Other professional fees	2,069	2,751
— System license and subscriptions	701	1,196
— Registration and listing expenses	614	739
— Office expense	559	1,108
— Travelling expense	30	790
— Insurance expense	597	605
— Reinstatement cost	–	374
— IT Expenses	201	300
— Expense relating to short-term leases	357	6,175
— Bad debt written off	–	461
— Others	1,520	3,090
	<u>8,019</u>	<u>19,360</u>

* The amount included forfeited contributions of HK\$483,000 (2019: HK\$704,000) in respect of employees who left employment prior to such contributions vesting fully in accordance with the rules of the MPF Scheme.

10. INCOME TAX (EXPENSE)/CREDIT

Hong Kong profits tax is calculated in accordance with the two-tiered profits tax rates regime for both current and previous years. Under the two-tier profits tax rates regime, the first HK\$2 million of profits of qualifying corporation are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. The profits of corporation not qualifying for the two-tier profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax — Hong Kong profits tax		
— Provision for current year	2,407	–
— Under/(Over) provision in respect of prior years	60	(201)
Total income tax expense/(credit)	<u>2,467</u>	<u>(201)</u>

11. DIVIDENDS

No dividend was proposed or paid during the years ended 31 December 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

12. EARNINGS/LOSS PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$12,006,000 (2019: loss of approximately HK\$77,334,000) and the weighted average number of 3,819,705,413 (2019: 3,819,705,413) ordinary shares in issue during the year.

Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there are no dilutive potential ordinary shares in existence during the year ended 31 December 2020.

For the year ended 31 December 2019, the diluted loss per share was the same as the basic loss per share because the calculation of the diluted loss per share did not assume the exercise of the outstanding share options since their exercise would result in decrease in loss per share.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	20,722	1,182
Other receivables and prepayments	1,054	2,951
	<u>21,776</u>	<u>4,133</u>

The analysis of trade receivables is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Arising from the business of dealing in securities and futures contracts — Hong Kong Securities Clearing Company Limited (“ HKSCC ”) and HKFE Clearing Corporation Limited (“ HKCC ”)	253	–
Arising from asset management services	4,709	5,752
Arising from underwriting and placing services	16,204	–
Less: Loss allowances	(444)	(4,570)
	<u>20,722</u>	<u>1,182</u>

The normal settlement terms of trade receivables arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of trade receivables arising from the business of dealing in futures contracts are one business day after the respective trade dates. The amounts due from HKSCC are repayable on demand subsequent to the settlement date and bear interest at Hong Kong Dollar Prime Rate plus a spread of 3% (2019: 3%) per annum. The amounts due from HKCC are repayable on demand except for the required margin deposits for the trading of futures contracts.

The Group does not provide any credit term to clients for its asset management services. Settlement of amounts arising from underwriting and placing services is in accordance with the terms set out in respective agreements, usually within one year after the service obligation has been fulfilled.

At 31 December 2020, amount due from HKSCC represents unsettled trade transacted on the last two business days prior to the end of the reporting period and amount due from HKCC represents undrawn deposits at the end of the reporting period. The following table provides information about the exposure to credit risk for amounts arising from asset management and securities brokerage and financial services:

Ageing	2020		
	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Not yet past due	1.81	18,338	(332)
0 — 30 days past due	1.81	441	(8)
31 — 60 days past due	1.82	439	(8)
61 — 90 days past due	1.82	439	(8)
91 — 180 days past due	50.00	60	(30)
181 — 365 days past due	1.90	1,160	(22)
Over 365 days past due	100.00	36	(36)
		20,913	(444)
		20,913	(444)
Ageing	2019		
	Expected loss rate (%)	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Not yet past due	–	1,146	–
0 — 30 days past due	–	3	–
31 — 60 days past due	–	3	–
61 — 90 days past due	–	3	–
91 — 180 days past due	99.32	1,329	(1,320)
181 — 365 days past due	–	18	–
Over 365 days past due	100.00	3,250	(3,250)
		5,752	(4,570)
		5,752	(4,570)

14. HELD FOR TRADING INVESTMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed equity securities	20	26
Unlisted investment funds <i>(note)</i>	<u>—</u>	<u>—</u>
	<u>20</u>	<u>26</u>

Note:

Pursuant to the subscription agreements, the Group's interests in the above investment funds are in the form of redeemable shares, which are puttable at the holder's option at any time, for an amount equal to the pro rata share of the fund's net assets and entitle the Group to a proportionate stake in the respective funds' net assets. These investment funds are managed by the respective unrelated investment managers who are empowered to manage their daily operations and apply various investment strategies to accomplish their respective investment objectives.

15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables arising from the business of dealing in securities and futures contracts		
— HKSCC and HKCC	—	10
— Cash clients	12,439	15,431
— Margin clients	473	783
	<u>12,912</u>	<u>16,224</u>
Other payables and accruals	<u>2,963</u>	<u>2,515</u>
	<u>15,875</u>	<u>18,739</u>

The normal settlement terms of trade payables arising from the business of dealing in securities are one to two business days after the respective trade dates. The normal settlement terms of trade payables arising from the business of dealing in futures contracts are one business day after the respective trade dates. The amounts payable to cash and margin clients are repayable on demand except for the required margin deposits for the trading of futures contracts. No ageing analysis in respect of trade payables is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature.

16. LEASES

The Group leases a number of office properties from which it operates. Rental contracts are typically made for a fixed period of 3 years, but may have extension options which is exercisable by the Group to further extend the lease terms for 3 years.

The extension option in office leases have not been included in the lease liability since the Group could replace the assets without significant cost or business disruption. As at 31 December 2020, potential future cash outflows of HK\$8,650,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

None of the leases contain variable lease payments.

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and the movements during the year:

Right-of-use assets

	Land and buildings	
	2020	2019
	HK\$'000	HK\$'000
At the beginning of the year	8,612	–
Additions	–	14,400
Depreciation	(2,302)	(1,173)
Effect of lease modification	–	(4,615)
	<u>–</u>	<u>(4,615)</u>
At the end of the year	<u>6,310</u>	<u>8,612</u>

Lease liabilities

	Land and buildings	
	2020	2019
	HK\$'000	HK\$'000
At the beginning of the year	8,746	–
Additions	–	14,400
Effect of lease modification	–	(4,639)
Interest expense	988	431
Lease payments	(3,066)	(1,446)
	<u>(3,066)</u>	<u>(1,446)</u>
At the end of the year	<u>6,668</u>	<u>8,746</u>
Analysed into:		
Current liabilities	1,966	1,896
Non-current liabilities	4,702	6,850
	<u>4,702</u>	<u>6,850</u>

As at 31 December 2019 and 2020, the Group had total future lease payments for leases committed but not yet commenced falling due as follows:

	Minimum lease payments <i>HK\$'000</i>	Interest <i>HK\$'000</i>	Present value <i>HK\$'000</i>
Not later than one year	2,884	(988)	1,896
Later than one year and not later than two years	2,884	(736)	2,148
Later than two year and not later than five years	<u>5,285</u>	<u>(583)</u>	<u>4,702</u>
At 31 December 2019	<u><u>11,053</u></u>	<u><u>(2,307)</u></u>	<u><u>8,746</u></u>
Not later than one year	2,702	(736)	1,966
Later than one year and not later than two years	2,884	(452)	2,432
Later than two year and not later than five years	<u>2,401</u>	<u>(131)</u>	<u>2,270</u>
At 31 December 2020	<u><u>7,987</u></u>	<u><u>(1,319)</u></u>	<u><u>6,668</u></u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation expense of right-of-use assets	2,302	1,173
Interest on lease liabilities	988	431
Expense relating to short-term leases and other leases with remaining lease term ending on or before year-end	219	5,975

The Group has no expense relating to leases of low-value assets, excluding short-term leases of low-value assets.

The total cash outflow for lease in the year ended 31 December 2020 was HK\$3,066,000 (2019: HK\$1,446,000).

FINAL DIVIDEND

The Directors did not recommend the payment of any dividend for the year ended 31 December 2020.

BUSINESS AND FINANCIAL REVIEW

The Group's business performance has improved substantially in the year of 2020 and performed better compare to the year of 2018 and 2019, despite of the negative impact from COVID-19. For the year ended 31 December 2020, the fee and commission income of the Group substantially increased to approximately HK\$44.5 million, representing 406% increase as compared with approximately HK\$8.8 million for the year ended 31 December 2019. Profit for the year ended 31 December 2020 was approximately HK\$12.0 million, as compared with loss of approximately HK\$77.4 million of the year ended 31 December 2019. Such overturn is primarily attributable to both increase in revenue and decreases in staff costs, finance costs, and other operating expenses for the year ended 31 December 2020.

During the year ended 31 December 2020, the total revenue of Sheng Yuan Financial Services Group Limited (a subsidiary of the Company) and its subsidiaries (collectively, the “**SYFS Group**”) increased by nearly 406% to approximately HK\$44.5 million (2019: HK\$8.8 million). For securities business, revenue from securities brokerage and financial services during the year ended 31 December 2020 increased significantly by 8,688% to approximately HK\$32.5 million (2019: approximately HK\$0.4 million); segment result recorded a profit of approximately HK\$24.4 million (2019: loss of approximately HK\$12.7 million). Such increase in revenue was mainly due to the Group's effort to expand its securities brokerage and financial services business, which further led to the completion of multiple Debt Capital Market (“**DCM**”) and Equity Capital Market (“**ECM**”) projects during the year.

For asset management business, as at 31 December 2020, Sheng Yuan Asset Management Limited (“**SYAM**”) acted as the fund manager or investment adviser for 1 funds and 3 discretionary accounts. The total assets under management (the “**AUM**”) of SYAM increased by nearly 692% to approximately HK\$1.8 billion for the year ended 31 December 2020 (2019: approximately HK\$23.8 million). During the year ended 31 December 2020, SYAM recorded segment revenue of approximately HK\$12.0 million (2019: approximately HK\$8.5 million), representing an increase of approximately 42%; it recorded segment profit of approximately HK\$3.3 million (2019: loss of approximately HK\$16.3 million). The overturn from loss to profit was mainly due to the Group's efforts to develop business opportunities within this segment, as well as to stringent cost control imposed by the Group. SYAM knows well of the dynamics in the capital market and owns experienced investment team and unique analysis and advice.

For proprietary trading business, the SYFS Group mainly invests in the listed shares and private funds in Hong Kong market. During the years ended 31 December 2020 and 2019, as the Group has no additional investment in proprietary trading business, the segment loss from proprietary trading business was approximately HK\$0.5 million (2019: HK\$7.1 million). Such loss was mainly due to allocation of various operating expenses.

As the Group focuses on the development of financial services business and the recovery of commodity market remains slow, the Group has continued to suspend its trading business for the year ended 31 December 2020. The segment loss for trading business for the year ended 31 December 2020 was approximately HK\$0.04 million (2019: segment loss of HK\$2.2 million).

PROSPECTS AND FUTURE PLANS

The global outbreak of COVID-19 made 2020 a particularly unusual year, and COVID-19 is undoubtedly the biggest disruptor to not only the world's economy, but also the everyday life in almost all countries. As a result, certain measures were undertaken by the governments, including but not limited to implementation of travel restrictions, and business shutdowns.

Looking forward to 2021, the market conditions for Hong Kong remain uncertain and continue to face new challenges, as the city is still trying to control and recover from COVID-19. According to the Government of HKSAR, Hong Kong economy is expected to resume growth in 2021, but the breadth and strength of the recovery are subject to the high uncertainty associated with the pandemic. Evolving China-US relations and geopolitical tensions are also risk factors that warrant attention. Due to the abovementioned factors, the Directors expect that there are still existences of uncertainties and adverse effects on the overall business of our Group with the weak economic conditions in Hong Kong. To cope with the challenging environments, the Group will continue to evaluate development opportunities to strengthen our competitive advantage through deploy more resources for seizing this market potential and broaden its revenue so as to generate value for Shareholders. The Directors are confident to achieve sustainable growth from 2021 and bring greater returns to our Shareholders.

The Group has formulated a business plan to enhance its financial positions, as well as to the develop its existing business operations. For securities brokerage business, the Group will utilize its expertise and network to secure DCM and ECM deals in order to generate underwriting income. The Group will also step up its efforts in asset management business by establishing additional funds of various types, developing more financial products, and expanding its customer base to keep abreast of the market trends by focusing on high-valued customers and potential professional investor groups. In addition, the Group will continue to expand its financial consultancy businesses including corporate finance advisory services and mergers and acquisitions transactions. Furthermore, the management team is dedicated to continually taking active steps to control the Group's operating costs and improve operating

efficiency in order to generate greater returns to its shareholders. A shareholder's loan in the principal amount of HK\$99,800,000 is owing by the Group to Yuanyin Holdings Limited. To further ease the Group's financial and liquidity burden and allow time for the Company to develop its business with the implementation with its new business plan, the parties have agreed to extend the maturity date of the shareholder's loan of HK\$99,800,000 to 22 January 2023 with interest rate of 5% per annum.

Further, the management team has also taken active steps to obtain additional financial resources to provide additional capital for future expansion of its underwriting and other businesses. Yuanyin International Limited also signed a letter of commitment in favour of the Company pursuant to which a total loan facility of up to HK\$50 million can be made available to the Company at the interest rate of 5% per annum for a term of one year. In addition, Yuanyin International Limited has signed a letter of commitment to provide an additional facility of up to HK\$50 million in order to provide sufficient funding support to satisfy the Company's working capital and other financing requirements during the 12 months from 29 March 2021.

It is expected that with the successful implementation of these business plans, the Company may be able to generate positive cash flows from operations and significantly improving its operating performance.

ACQUISITION AND DISPOSAL

There was no material acquisition or disposal during the year ended 31 December 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, cash and bank balances in general accounts maintained by the Group were approximately HK\$34.6 million, representing an increase of approximately 16% from approximately HK\$29.8 million as at 31 December 2019. Balances in trust and segregated accounts were approximately HK\$12.6 million (2019: HK\$17.4 million). Trade and other receivables and prepayments were approximately HK\$21.8 million as at 31 December 2020 (2019: HK\$4.1 million), which mainly represented increased receivables from asset management and securities brokerage as due to the Group's effort to expand such businesses. Trade and other payables and accruals were approximately HK\$15.9 million as at 31 December 2020 (2019: HK\$18.7 million), which was due to decrease in trade payable from securities brokerage.

The Group's current assets and current liabilities as at 31 December 2020 were approximately HK\$69.1 million (2019: HK\$52.1 million) and approximately HK\$21.0 million (2019: HK\$121.2 million), respectively. The borrowings as at 31 December 2020 were approximately HK\$105.0 million (2019: HK\$100.1 million). The gearing ratio of the Group, measured as total debts to total assets, was approximately 131% as at 31 December 2020 (2019: 153%). As at 31 December 2020, the Group recorded net liabilities of approximately HK\$51.0 million (2019: HK\$62.8 million). During the year ended 31 December 2020, the Group financed its operations with internally generated cash flow and funds from borrowings.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's transactions are mainly denominated in Hong Kong dollars, United States dollars ("USD"), and Renminbi ("RMB"). The Group has not implemented any foreign currencies hedging policies. However, the Group's management will closely monitor exchange rate movement and will take appropriate actions to reduce the risks.

CAPITAL STRUCTURE

The Directors monitor the Group's capital structure by reviewing cash flow requirements and considering its future financial obligations and commitments. The capital structure of the Group comprises of issued share capital and reserves attributable to Shareholders. The Directors review the Group's capital structure regularly. There are no changes in capital structure during the year.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any material contingent liabilities.

DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the byelaws of the Company. In deciding whether to declare any dividend, the Board will take into account of a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.

PLEDGE OF ASSETS

As at 31 December 2020, the Group did not have any pledged assets.

HUMAN RESOURCES

As at 31 December 2020, the Group employed 28 employees. The remuneration policy and package of the Group's employees are maintained at market level and are reviewed annually by management. In addition to basic salary, discretionary bonuses, mandatory pension fund and medical insurance scheme, share options may also be granted to eligible employees at the discretion of the Board and are subject to the performance of the individual employees as well as the Group.

The Group regards our staff as the most important asset and resource and provides regular training courses and a variety of development programs, and has developed relevant training policies and procedures to enhance the effectiveness of such training programs.

During the Reporting Period, the Group has organized both internal and external training courses for employees. Such training courses covered topics including but not limited to industrial updates, compliance matters, occupational health, and safety, etc.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

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

EVENTS AFTER REPORTING PERIOD

Subsequent to the end of the reporting period, on 11 February 2021, a subsidiary of the Company entered into a conditional sale and purchase agreement for disposal of the 100% equity interest in a subsidiary, Sheng Yuan Sino Asset Management Limited, for a cash consideration of HK\$1 million.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audited results for the year ended 31 December 2020 have been reviewed by the Audit Committee. The Audit Committee comprises three members namely Ms. Huang Qin (Chairman), Mr. Zhang Jinfan, and Mr. Huang Shuanggang. Ms. Huang Qin and Mr. Zhang Jinfan are both independent non-executive Directors, and Mr. Huang Shuanggang is a non-executive Director.

REMUNERATION COMMITTEE

The Remuneration Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Remuneration Committee comprises three independent non-executive Directors namely, Mr. Zhang Jinfan (Chairman), Ms. Huang Qin, and Ms. Wen Han Qiuzi.

NOMINATION COMMITTEE

The Nomination Committee has been set up with written term of reference in accordance with the requirements of the Listing Rules. The Nomination Committee comprises the Chairman of the Board and two independent non-executive Directors namely, Mr. Liu Yang (Chairman), Mr. Zhang Jinfan and Ms. Wen Han Qiuzi.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain high standard of corporate governance standards and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency. The Company has complied with the code on corporate governance practices (the “**Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the year ended 31 December 2020 except the following deviations:

The Code provision A.2.1 stipulates that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. Mr. Liu Yang was appointed as an executive Director, Chief Executive Officer and the Chairman of the Board with effect from 31 January 2020. All major decisions are made in consultation with the Board members and the senior management of the Company. There are three independent non-executive Directors in the Board. The Board considers that there is sufficient balance of power and safeguards in place, and the current arrangement would not impair the balance of power of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of the Listing Rules as a code of conduct of the Company for directors’ securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company’s code of conduct regarding directors’ securities transactions throughout the year ended 31 December 2020.

SCOPE OF WORK PERFORMED BY AUDITOR

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company’s auditor, BDO Limited (“**BDO**”), to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on the preliminary results announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “**AGM**”) will be held on 1 June 2021 in Hong Kong. The Notice of AGM will be published and despatched to the shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of ordinary shares will be registered. In order to determine the identity of ordinary shareholder(s) who is entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 26 May 2021.

DETAILS OF THE INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report of the Company for the year ended 31 December 2020:

Material Uncertainty Related to Going Concern

We draw attention to note 3.1 in the consolidated financial statements, which indicates that, as at 31 December 2020, the Group had net liabilities of approximately HK\$51 million that included borrowings with a principal amount of approximately HK\$100 million from a wholly-owned subsidiary of the Company’s substantial shareholder which will be due in January 2022. As stated in note 3.1, these conditions indicate that the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Note: Extract of “note 3.1 to the consolidated financial statements” is included in note 3 to this annual results announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.shengyuan.hk) and the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2020 of the Company containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
Sheng Yuan Holdings Limited
Liu Yang
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board consists of Mr. Liu Yang, Mr. Zhou Quan and Mr. Zhao Yun (all being executive directors), Mr. Huang Shuanggang (being a non-executive director), Mr. Zhang Jinfan, Ms. Wen Han Qiuzi and Ms. Huang Qin (all being independent non-executive directors).