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KIRIN GROUP HOLDINGS LIMITED **麒麟集團控股有限公司**

(Incorporated in Bermuda with limited liability)

(Stock code: 8109)

FINAL RESULTS ANNOUNCEMENT **FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2020**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Kirin Group Holdings Limited, collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINAL RESULTS FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2020

The board (the “Board”) of the directors (the “Directors”) of Kirin Group Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the eighteen months ended 31 December 2020 (the “Reporting Period”) together with comparative figures for the year ended 30 June 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 31 December 2020

		For the eighteen months ended	For the year ended
		31 December 2020	30 June 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue	4	69,175	97,309
Cost of sales and services		(31,496)	(67,282)
Other income	5a	2,091	67
Other gain and losses	5b	301	(2)
Distribution costs		(826)	(8,489)
Administrative expenses		(48,232)	(38,711)
Impairment loss on property, plant and equipment		(241)	(10)
Impairment loss on interest in an associate		–	(2,617)
Impairment loss on loan receivables		(23,981)	(4,802)
Impairment loss on trade and other receivables		(3,181)	(841)
Impairment loss on deposit paid		(351)	(335)
Impairment loss on goodwill		(2,842)	–
Share of result of an associate		–	394
Loss on disposal of interest in an associate, net		(33)	–
Finance costs	6	(48,690)	(33,156)
Loss before taxation from continuing operations	7	(88,306)	(58,475)
Taxation	8	(1,568)	(1,043)
Loss for the period/year from continuing operations		(89,874)	(59,518)
Discontinued operations			
(Loss) profit for the period/year from discontinued operations		(533)	10,269
Loss for the period/year		(90,407)	(49,249)

	For the eighteen months ended 31 December 2020	For the year ended 30 June 2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of financial statements of foreign operations	(350)	489
Release of translation reserve upon disposal of subsidiaries	435	(793)
	<u>85</u>	<u>(304)</u>
Other comprehensive income (expense) for the period/year		
	<u>85</u>	<u>(304)</u>
Total comprehensive expense for the period/year	<u>(90,322)</u>	<u>(49,553)</u>
Loss for the period/year attributable to:		
– Equity shareholders of the Company	(86,650)	(46,416)
– Non-controlling interests	(3,757)	(2,833)
	<u>(90,407)</u>	<u>(49,249)</u>
Total comprehensive (expense) income for the period/year attributable to:		
– Equity shareholders of the Company		
– continuing operations	(86,032)	(56,196)
– discontinued operation	(533)	9,476
	<u>(86,565)</u>	<u>(46,720)</u>
– Non-controlling interests		
– continuing operations	(3,757)	(2,833)
	<u>(90,322)</u>	<u>(49,553)</u>
Loss per share	10	
From continuing and discontinued operations		
Basic	<u>(34.94) cents</u>	<u>(20.94) cents</u>
Diluted	<u>(34.94) cents</u>	<u>(20.94) cents</u>
From continuing operations		
Basic	<u>(34.72) cents</u>	<u>(25.66) cents</u>
Diluted	<u>(34.72) cents</u>	<u>(25.66) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		31 December 2020	30 June 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		–	3,885
Prepaid lease payment		–	2,322
Goodwill		–	2,842
Right-of-use assets		1,543	–
Intangible assets		69,615	–
Interest in an associate		–	4,550
		<u>71,158</u>	<u>13,599</u>
CURRENT ASSETS			
Prepaid lease payment		–	117
Loan receivables	11	186,866	292,790
Consideration receivables		–	3,500
Trade and other receivables	12	72,755	45,050
Cash and bank balances		7,405	11,540
		<u>267,026</u>	<u>352,997</u>
Total current assets		267,026	352,997
CURRENT LIABILITIES			
Trade and other payables		65,624	60,678
Contract liabilities		6,126	–
Obligations under finance leases		–	15
Lease liabilities		1,147	–
Corporate bonds		231,509	201,156
Current tax payable		2,563	1,068
		<u>306,969</u>	<u>262,917</u>
Total current liabilities		306,969	262,917
NET CURRENT (LIABILITIES) ASSETS		<u>(39,943)</u>	<u>90,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,215</u>	<u>103,679</u>

		31 December 2020	30 June 2019
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		590	–
Corporate bonds		16,398	16,827
		16,988	16,827
NET ASSETS		14,227	86,852
EQUITY			
Capital and reserves attributable to equity shareholders of the Company			
Share capital	14	1,398	1,108
Reserves		29,626	98,784
		31,024	99,892
Non-controlling interests		(16,797)	(13,040)
TOTAL EQUITY		14,227	86,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company domiciled and incorporated in Bermuda and its shares are listed on GEM of the Stock Exchange.

The Company is an investment holding company. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is Unit 1005A, 10/F, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong.

Change of financial year end date

On 19 June 2020, the Board resolved to change the financial year end date of the Company from 30 June to 31 December. The change is to align the Company's financial year end date with that of certain major subsidiaries of the Company, in order to facilitate the preparation of the consolidated financial statements of the Group. Accordingly, the current financial period covers an eighteen months period from 1 July 2019 to 31 December 2020 with the comparative financial period from 1 July 2018 to 30 June 2019.

Consequently, the corresponding comparative figures shown for the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and related notes may not be comparable in so far as they relate to a shorter period than the current period.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current period

In the current period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2019 for the preparation of the financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment 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
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior period/ years and/or on the disclosures set out in these financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 July 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 July 2019.

As at 1 July 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the Group at 18%.

	At 1 July 2019 <i>HK\$'000</i>
Operating lease commitment disclosed as at 30 June 2019	2,729
Lease liabilities discounted at relevant incremental borrowing rates relating to operating leases recognised upon application of HKFRS 16 as at 1 July 2019	2,467
Analysed as Current	2,467

Summary of effects arising from initial application of HKFRS 16

The following adjustments were made to the amounts recognised in the statement of financial position at 1 July 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 30 June 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 July 2019
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Non-current asset			
Right-of-use assets	–	2,467	2,467
Current liability			
Lease liabilities	–	2,467	2,467
	<u> </u>	<u> </u>	<u> </u>

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current period. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the consolidated financial statements.

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current period. The amendments clarify that while business usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments had no impact on the consolidated financial statements in the current period as similar conclusion would have been reached without applying the optional concentration test.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 13	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contract – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

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

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

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

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

3. BASIS OF PREPARATION

For the eighteen months ended 31 December 2020, the Group reported a net loss of approximately HK\$90,407,000 and had a net current liabilities of approximately HK\$39,943,000. Major financing liabilities, arising mainly from corporate bonds amounted to approximately HK\$247,907,000 of which an amount of approximately HK\$231,509,000 were classified as current liabilities, while cash and cash equivalents amounted to approximately HK\$7,405,000 only.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the directors of the Company have reviewed the Group's cash flow projections which cover a period of not less than one year from 31 December 2020. They are of the opinion that the Group will have sufficient working capital to meet its financial obligations, including those committed capital expenditures that will be due in the coming year from 31 December 2020, upon successful implementation of the following measures which will generate adequate financing and operating cash inflows for the Group:

- (i) Subsequent to 31 December 2020, the Group successfully completed the subscriptions of new shares under specific mandate amounting to approximately HK\$40,121,000 which shall be used to set off against the equivalent amount of the current liabilities of the Company on dollar-to-dollar basis;

- (ii) The Group is implementing business strategies, among others, to transform its business model and broaden its sources of income by looking for new business and investment opportunities in order to migrate its geographical risks and diversify its business risk for additional operating cashflow to the Group.

During the eighteen months ended 31 December 2020, two agreements were entered into by an indirect wholly-owned subsidiary of the Company with independent third parties for the grant of overseas broadcasting licenses to broadcast and distribute certain films and episodes on different media streaming platforms in all other countries and regions other than the PRC, Hong Kong, Macau and Taiwan.

On 13 January 2020, a strategic cooperation framework agreement was entered into by the Group with an independent third party allowing the Group to perform and promote a musical.

By taking the above measures, the directors of the Company believe that the Group has sufficient working capital to meet the financial obligations when they fall due.

After taking into account the Group's business prospects, internal resources, equity issuance, transformation of business as mentioned above, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and performance assessment. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group is principally engaged in insurance brokerage services, asset management and securities brokerage services, money lending services and multi-channel network ("MCN") entertainment services.

Specifically, the Group's reportable segments same as operating under HKFRS 8 "Operating Segments" are as follows:

- (a) Insurance brokerage and related services;
- (b) Asset management and securities brokerage services;
- (c) Money lending services; and
- (d) MCN entertainment business.

During the eighteen months ended 31 December 2020, the operation of sales of livestock was discontinued upon the disposal of a subsidiary, Cyber Leader Holdings Limited ("Cyber Leader"). The segment information reported on the next pages does not include any amounts for the said discontinued operation.

During the year ended 30 June 2019, the operation of information technology service was discontinued upon the disposal of a subsidiary, Red Rabbit International Technology, Inc. ("Red Rabbit"). The segment information reported on the next pages does not include any amounts for the said discontinued operation.

Segment Information

The Group started to conduct its MCN entertainment services business since the end 2020 after it entered into cooperation agreements with two distributors who broadcast the episodes and films that the Company obtained on their overseas platforms and MCN.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments: The segment results for the eighteen months ended 31 December 2020 are as follows:

	Insurance brokerage and related services <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Asset management and securities brokerage services <i>HK\$'000</i>	MCN Entertainment business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
Revenue from external customers	37,857	23,607	7,558	153	69,175
Inter-segment revenue	16,537	–	–	–	16,537
Reportable segment revenue	<u>54,394</u>	<u>23,607</u>	<u>7,558</u>	<u>153</u>	<u>85,712</u>
Inter-segment revenue is charged at prevailing market rates and are eliminated on consolidation. Revenue from external customers is measured in the same way as in the consolidated statement of profit or loss and other comprehensive income.					
RESULTS					
Segment results	<u>(14,383)</u>	<u>(11,420)</u>	<u>4,998</u>	<u>(1,031)</u>	(21,836)
Unallocated corporate expenses					(17,780)
Finance costs					<u>(48,690)</u>
Loss before taxation					<u>(88,306)</u>

The segment results for the year ended 30 June 2019 are as follows:

	Insurance brokerage and related services <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Asset management and securities brokerage services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
Revenue from external customers	74,209	18,412	4,688	97,309
Inter-segment revenue	<u>19,195</u>	<u>–</u>	<u>–</u>	<u>19,195</u>
Reportable segment revenue	<u><u>93,404</u></u>	<u><u>18,412</u></u>	<u><u>4,688</u></u>	<u><u>116,504</u></u>
Inter-segment revenue is charged at prevailing market rates and are eliminated on consolidation. Revenue from external customers is measured in the same way as in the consolidated statement of profit or loss and other comprehensive income.				
RESULTS				
Segment results	<u>(11,346)</u>	<u>12,619</u>	<u>2,483</u>	3,756
Unallocated corporate expenses				(29,469)
Share of result of an associate				394
Finance costs				<u>(33,156)</u>
Loss before taxation				<u><u>(58,475)</u></u>

Segment assets and liabilities

The segment assets and liabilities as at 31 December 2020 are as follows:

	Insurance brokerage and related services <i>HK\$'000</i>	Asset management and securities brokerage services <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	MCN Entertainment business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	4,744	1,527	244,104	75,115	325,490
Unallocated corporate assets					<u>12,694</u>
Consolidated total assets					<u><u>338,184</u></u>
LIABILITIES					
Segment liabilities	32,240	728	1,190	5,347	39,505
Unallocated corporate liabilities					<u>284,452</u>
Consolidated total liabilities					<u><u>323,957</u></u>
OTHER INFORMATION					
Amortisation on intangible assets	–	–	–	585	585
Depreciation on property, plant and equipment	41	–	3	–	44
Depreciation on right-of-use assets	3,068	2,025	–	–	5,093
Impairment loss on trade and other receivables	–	–	3,181	–	3,181
Impairment loss on loan receivables	–	–	23,981	–	23,981
Impairment loss on property, plant and equipment	241	–	–	–	241
Impairment on goodwill	–	–	2,842	–	2,842
Impairment loss on deposit paid	351	–	–	–	351

The segment assets and liabilities as at 30 June 2019 are as follows:

	Insurance brokerage and related service <i>HK\$'000</i>	Asset management and securities brokerage service <i>HK\$'000</i>	Money lending service <i>HK\$'000</i>	Sales of liverstocks <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	14,671	62	325,443	6,322	346,498
Unallocated corporate assets					<u>20,098</u>
Consolidated total assets					<u><u>366,596</u></u>
LIABILITIES					
Segment liabilities	32,357	2,777	1,058	782	36,974
Unallocated corporate liabilities					<u>242,770</u>
Consolidated total liabilities					<u><u>279,744</u></u>
OTHER INFORMATION					
Capital additions	15	–	–	–	15
Depreciation and amortisation	5	–	8	621	634
Impairment loss on trade and other receivables	3	–	838	–	841
Impairment loss on loan receivables	–	–	4,802	–	4,802

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, interest in a joint venture, interest in an associate, consideration receivables, certain other receivables and bank balances and cash as these assets are managed on a group basis.
- all liabilities are allocated to operating segments other than certain other payables, obligations under finance leases, current tax payables, corporate bonds and deferred tax liability as these liabilities are managed on a group basis.

Geographical information

The Group operates in two principal geographical areas – The People’s Republic of China (excluding Hong Kong) (“PRC”) and Hong Kong.

The Group’s revenue from external customers is presented by the location of operations and information about the Group’s non-current assets by location of assets are detailed below:

	Revenue from external customers		Specified non-current assets	
	For the eighteen months ended 31 December 2020 <i>HK\$’000</i>	For the year ended 30 June 2019 <i>HK\$’000</i>	31 December 2020 <i>HK\$’000</i>	30 June 2019 <i>HK\$’000</i>
The PRC	–	–	–	6,205
Hong Kong	69,175	97,309	–	2,844

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group’s revenue during the period, is set out below:

	For the eighteen months ended 31 December 2020 <i>HK\$’000</i>	For the year ended 30 June 2019 <i>HK\$’000</i>
Insurance brokerage and related service segment		
Customer A	2,071	19,536
Customer B	10,136	23,663
Customer C	11,758	12,802
Customer D	6,041	10,650
	<u>30,006</u>	<u>66,651</u>

5a. OTHER INCOME

Continuing operations

	For the eighteen months ended 31 December 2020 <i>HK\$’000</i>	For the year ended 30 June 2019 <i>HK\$’000</i>
Sundry income	318	67
Interest income	2	–
Government Subsidy	1,771	–
	<u>2,091</u>	<u>67</u>

5b. OTHER GAINS AND LOSSES

	For the eighteen months ended 31 December 2020 <i>HK\$'000</i>	For the year ended 30 June 2019 <i>HK\$'000</i>
Gain on lease modification	134	–
Exchange gain (loss), net	167	(2)
	<u>301</u>	<u>(2)</u>

6. FINANCE COSTS

Continuing operations

	For the eighteen months ended 31 December 2020 <i>HK\$'000</i>	For the year ended 30 June 2019 <i>HK\$'000</i>
Interest on corporate bonds	26,950	15,484
Imputed interest on corporate bonds	20,988	17,619
Interest on lease liabilities	752	–
Interest on other borrowings	–	25
Finance charges	–	28
	<u>48,690</u>	<u>33,156</u>

7. LOSS BEFORE TAXATION

Loss before taxation from continuing operations has been arrived at after charging the following:

	For the eighteen months ended 31 December 2020 <i>HK\$'000</i>	For the year ended 30 June 2019 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
– Salaries and other benefits	18,735	21,483
– Retirement benefits scheme contributions	644	755
	<u>19,379</u>	<u>22,238</u>
Amortisation of intangible assets	585	–
Amortisation of prepaid lease payment	–	126
Auditor's remuneration	1,075	970
Depreciation of property, plant and equipment	44	508
Depreciation of right-of-use assets	5,093	–
Operating lease rentals of office premises	–	6,821
Operating lease rentals of equipment	–	89
	<u>–</u>	<u>–</u>

8. TAXATION

	For the eighteen months ended 31 December 2020 HK\$'000	For the year ended 30 June 2019 HK\$'000
Current tax:		
Hong Kong profits tax		
Current year	1,448	1,068
Under (over) provision in previous years	120	(25)
	1,568	1,043

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

	For the eighteen months ended 31 December 2020 HK\$'000	For the year ended 30 June 2019 HK\$'000
Loss before taxation from continuing operations	(88,306)	(58,475)
(Loss) profit before taxation from discontinued operation	(533)	10,269
	(88,839)	(48,206)
Tax calculated at the applicable tax rates	(14,658)	(7,955)
Income tax at concessionary rate	(165)	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	877
Tax effect of non-deductible expenses	15,183	15,172
Tax effect of non-taxable income	(1,841)	(8,311)
Tax effect of utilisation of tax losses not previous recognised	(221)	(417)
Tax effect of tax losses not recognised	2,448	1,627
Under (over) provision in previous years	120	(25)
Tax effect of other temporary differences not recognised	702	75
Taxation charge	1,568	1,043

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

9. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the eighteen months ended 31 December 2020 (year ended 30 June 2019: Nil).

10. LOSS PER SHARE

Basic and diluted loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follow:

	For the eighteen months ended 31 December 2020	For the year ended 30 June 2019
	<i>Cents per share</i>	<i>Cents per share</i>
From continuing operations	(34.72)	(25.66)
From discontinued operations	(0.22)	4.72
	<u>(34.94)</u>	<u>4.72</u>
	<u><u>(34.94)</u></u>	<u><u>(20.94)</u></u>

Reconciliations of loss used in calculating loss per share

	For the eighteen months ended 31 December 2020	For the year ended 30 June 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss used in the calculation of basic and diluted loss per share from continuing operations	(86,117)	(56,885)
Loss for the period from discontinued operations	(533)	10,269
	<u>(86,650)</u>	<u>(46,616)</u>
Loss for the period attributable to the owners of the Company	<u><u>(86,650)</u></u>	<u><u>(46,616)</u></u>
Weighted average number of ordinary shares for in issue	<u><u>248,006,232</u></u>	<u><u>221,684,269</u></u>

Weighted average number of ordinary shares

The Company completed the share issue by conversion of convertible bonds on 20 January 2020, share issue by placement on 22 May 2020 and share issue by subscription on 12 June 2020. In calculating earnings per share, the weighted average number of shares outstanding during the eighteen months ended 31 December 2020 and the year ended 30 June 2019 were calculated as if the bonus elements without consideration included in the rights had been existed from and the share consolidation had been completed at the beginning of the comparative year.

11. LOAN RECEIVABLES

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Unsecured, fixed rate loan receivables	220,865	311,308
Less: allowance for expected credit losses	(33,999)	(18,518)
	186,866	292,790

The following table shows the movement in allowance for expected credit losses that has been recognised for loan receivables.

	12m ECL <i>HK\$'000</i>	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2018 – As restated	5,216	–	8,500	13,716
– Transfer to Lifetime ECL	(5,216)	5,216	–	–
– Impairment losses recognised	–	4,774	–	4,774
New financial assets originated or purchased	28	–	–	28
At 30 June and 1 July 2019	28	9,990	8,500	18,518
– Transfer to Lifetime ECL	(28)	28	–	–
– Transfer to credit-impaired (<i>Note (1)</i>)	–	(9,990)	9,990	–
– Impairment losses recognised	–	–	22,711	22,711
– Written-off (<i>Note (2)</i>)	–	–	(8,500)	(8,500)
New financial assets originated or purchased	1,270	–	–	1,270
At 31 December 2020	1,270	28	32,701	33,999

A maturity profile of the loans receivable as at the end of the reporting period, based on the remaining contractual maturity date is as follows:

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Overdue	59,366	–
Due within 3 months	123,644	28,681
Due after 3 months but within 6 months	1,526	87,025
Due after 6 months but within 12 months	2,330	177,084
Total	186,866	292,790

Included in the carrying amount of loans receivables as at 31 December 2020 is accumulated impairment losses of approximately HK\$33,999,000 (year ended 30 June 2019: HK\$18,518,000).

Notes:

- (1) Certain loan receivables with gross carrying amount of HK\$9,990,000 are defaulted and transferred to credit impaired during the eighteen months ended 31 December 2020.
- (2) The Group writes off a loan receivable when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery.

12. TRADE AND OTHER RECEIVABLES

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Trade receivables	8,151	13,477
Less: allowance for expected credit losses	(956)	(959)
	7,195	12,518
Interest receivables	27,385	31,095
Less: allowance for expected credit losses	(3,407)	(1,285)
	23,978	29,810
Other receivables	41,311	545
Less: allowance for expected credit losses	(896)	–
	40,415	545
Prepayments, rental and other deposits	1,167	2,177
	72,755	45,050

As at year ended 30 June 2019, an amount of approximately HK\$115,000 represents the balance that due from an associate (31 December 2020: nil).

The Group allows an average credit period normally 90 days (year ended 30 June 2019: 90 days) to its trade customers. The following is an ageing analysis of trade and interest receivables (net of loss allowance) presented based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date.

	Trade receivables		Interest receivables	
	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
0 to 3 months	6,491	12,249	10,715	17
4 to 6 months	13	30	1,256	3,286
7 to 12 months	261	112	8,523	4,455
Over 1 year	430	127	3,484	22,052
	7,195	12,518	23,978	29,810

The following table shows the movement in allowances for credit losses that has been recognised for trade and other receivable receivables under simplified approach.

	Trade receivable Lifetime ECL (credit-impaired) HK\$'000	Other receivable Lifetime ECL (not credit- impaired) HK\$'000
At 30 June 2018 under HKAS 39 and 1 July 2018 under HKFRS 9	956	–
– Impairment losses recognised	3	–
At 30 June 2019	959	–
– Impairment losses recognised	–	896
– Written off	(3)	–
At 31 December 2020	956	896

As at 31 December 2020, the Group's trade receivables are determined individually whether they are impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. At 31 December 2020, trade receivables of approximately HK\$956,000 (year ended 30 June 2019: HK\$959,000) were impaired.

The following table shows the movement in allowances for credit losses that has been recognised for interest receivables under simplified approach.

	12m ECL HK\$'000	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 July 2018 – As restated	284	–	163	447
– Transfer to Lifetime ECL	(284)	284	–	–
– Impairment losses recognised	–	837	–	837
New financial assets originated or purchased	1	–	–	1
At 30 June and 1 July 2019	1	1,121	163	1,285
– Transfer to Lifetime ECL	(1)	1	–	–
– Transfer to credit-impaired	–	(1,121)	1,121	–
– Impairment losses recognised	–	–	2,209	2,209
– Written-off	–	–	(163)	(163)
New financial assets originated or purchased	76	–	–	76
At 31 December 2020	76	1	3,330	3,407

As at 31 December 2020, included in the Group's trade receivables and interest receivables are balances with aggregate carrying amount of approximately HK\$13,967,000 (year ended 30 June 2019: HK\$30,062,000) which are past due as at the reporting date. Out of the past due balances approximately HK\$12,698,000 (year ended 30 June 2019: HK\$26,746,000) has been past due 90 days or more and is not considered as in default based on historical experience.

13. TRADE AND OTHER PAYABLES

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Trade payables	6,175	36,361
Other payables and accruals (<i>note</i>)	39,225	16,253
Interest payable	20,224	8,064
	65,624	60,678

Note: Included in other payables and accruals is an amount due to a director of approximately HK\$72,000 (year ended 30 June 2019: HK\$440,000).

The ageing analysis of trade payables at the end of the reporting period is as follows:

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Within 1 year	4,966	35,079
Over 1 year	1,209	1,282
	6,175	36,361

The average credit period on purchases of goods is normally 90 days (year ended 30 June 2019: 90 days).

14. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Authorised:		
At 1 July 2018 (ordinary shares of HK\$0.05)	10,000,000	500,000
Increase in authorised share capital (<i>note a</i>)	90,000,000	–
At 30 June 2019 and 31 December 2020 (ordinary shares of HK\$0.05)	100,000,000	500,000
Issued and fully paid:		
At 1 July 2018 (ordinary shares of HK\$0.05)	4,433,685	221,684
Cancellation of paid-up capital (<i>note b</i>)	(4,212,001)	(220,576)
At 30 June 2019 (ordinary shares of HK\$0.005)	221,684	1,108
Issue of ordinary shares		
– upon conversion of convertible bonds (<i>note e</i>)	15,150	76
– upon conversion of placing (<i>note f</i>)	26,900	134
– upon conversion of subscription (<i>note g</i>)	15,960	80
At 31 December 2020 (ordinary shares of HK\$0.005)	279,694	1,398

(a) Increase in authorised share capital

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 7 August 2018, the shareholders of the Company have approved the increase in authorised share capital of the Company to HK\$500,000,000 comprising 10,000,000,000 old shares of HK\$0.05 each. After the Capital Reorganisation, the authorised share capital of the Company was HK\$500,000,000 divided into 100,000,000,000 new shares of HK\$0.005 each. Details are set out in the announcement and circular dated 26 June 2018 and 17 July 2018.

(b) Capital reorganisation

Pursuant to an ordinary resolution passed at the special general meeting on 7 August 2018, the shareholders of the Company approved the capital reorganisation whereby every 20 issued and unissued shares of HK\$0.05 were consolidated into 1 consolidated share of HK\$1. Immediately upon the share consolidation became effective, the issued share capital of the Company was reduced by cancelling the paid up capital of the Company to the extent of HK\$0.995 on each of the then issued consolidated shares such that the par value of each issued consolidated share was reduced from HK\$1 to HK\$0.005.

(c) The contributed surplus of the Company represents the credit arising from a capital reduction of the Company and the contributed surplus will be used to offset accumulated losses of the Company. Any credit standing in the contributed surplus account of the Company will be used in any manner permitted by laws of Bermuda and the bye-laws of the Company.

(d) A reduction of approximately HK\$313,576,000 standing to the credit of the share premium account of the Company and the transfer such amount to the contributed surplus account was approved by the shareholders at the special general meeting on 7 August 2018.

(e) Issue of new shares upon conversion of convertible bonds

Pursuant to an ordinary resolution passed on the special general meeting of the Company dated 10 December 2019, the shareholders of the Company approved the placing of a 2% coupon convertible bonds up to the principal amount of HK\$171,000,000 due on the third anniversary of the first issue date, entitling the holders thereof the rights to convert 427,500,000 conversion shares of HK\$0.005 each in the share capital of the Company at an initial conversion price of HK\$0.4 (subject to adjustment). The placing of the convertible bonds was completed on 20 January 2020 and the principal amount of HK\$6,060,000 has been issued.

During the eighteen months ended 31 December 2020, all the convertible bonds have been fully converted into 15,150,000 ordinary shares of the Company of HK\$0.005 each. The conversion gave rise to the conversion of the convertible bonds with carrying amount of HK\$75,750 was credited to share capital and the remaining balance of HK\$5,484,250 was credited to the share premium account after netting off with the related expenses of HK\$500,000.

(f) Issue of new shares by placement under general mandate

During the eighteen months ended 31 December 2020, the Company entered into a placing agreement with the placing agent, pursuant to which, 26,900,000 new ordinary shares of the Company were issued and allotted at the placing price of HK\$0.3 per placing share. The placing gave rise to an aggregate proceeds of HK\$8,070,000, of which HK\$134,500 was credited to share capital and the remaining balance of HK\$7,665,500 was credited to the share premium account after netting off with the related expenses of HK\$270,000.

(g) Issue of new shares by subscriptions under general mandate

During the eighteen months ended 31 December 2020, the Company entered into the subscription agreements with the subscribers, pursuant to which, 15,960,000 new ordinary shares of the Company at the subscription prices ranged from HK\$0.2711 to HK\$0.2723 each were issued and allotted to the subscribers respectively. The subscriptions gave rise to an aggregated proceeds of HK\$4,336,888, of which HK\$79,800 was credited to share capital and the remaining balance of HK\$4,257,088 was credited to the share premium account.

15. OPERATING LEASE COMMITMENTS

The Group leases certain of its office premises under operating lease arrangement, with leases negotiated for terms of 2 to 3 years. None of the leases includes contingent rentals. As at 30 June 2019, the Group's total future minimum lease payments under non-cancellable operating leases for each of the following periods were:

	30 June 2019 <i>HK\$'000</i>
Not later than one year	2,729

16. CAPITAL COMMITMENTS

The Group had the following capital commitments outstanding not provided for at the end of the reporting period:

	31 December 2020 <i>HK\$'000</i>	30 June 2019 <i>HK\$'000</i>
Capital contribution to a joint venture	–	5,000
Capital expenditure for the CRM system	<u>147</u>	<u>490</u>
	<u>147</u>	<u>5,490</u>

SCOPE OF WORK OF JONTEN HOPKINS CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the eighteen months ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, Jonten Hopkins CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 26 March 2021. The work performed by Jonten Hopkins CPA Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Jonten Hopkins CPA Limited on this announcement.

AUDIT OPINION

The Company's auditor has issued an unmodified opinion on the consolidated financial statements of the Group for the eighteen months ended 31 December 2020 with a Material Uncertainty Related to Going Concern section in the independent auditor's report as set out below:

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT

Material Uncertainty Related to Going Concern

We draw your attention to note 3 to the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by approximately HK\$39,943,000 as at 31 December 2020 and during the eighteen months ended 31 December 2020, the Group incurred net loss of approximately HK\$90,407,000. This event or condition, indicates that a material uncertainty exists 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group was principally engaged in (i) the provision of insurance brokerage services in Hong Kong; (ii) the provision of money lending services in Hong Kong; (iii) the provision of assets management and securities brokerage services in Hong Kong; and (iv) provision of MCN entertainment services during the Reporting Period.

Insurance Brokerage Business

Business Review

Insurance brokerage business experienced a difficult year in 2020. The turnover of the insurance brokerage segment decreased by approximately HK\$36,352,000 to approximately HK\$37,857,000 for the Reporting Period as compared to the year ended 30 June 2019. The reduced turnover of insurance brokerage segment was mainly attributed to: (i) the political unrest in Hong Kong since June 2019; (ii) the outbreak of the COVID-19 in early 2020, (iii) the impacts arising from the disputes between China and US governments, and (iv) keen competition in the industry.

Under the pandemic, various measures such as closure of borders with the PRC and the social distancing measures were implemented by the government of HKSAR. As such, it has been very difficult for the Group's Consultants (as defined below) to approach potential local or PRC customers, who are reluctant to have physical meetings. In addition, Hong Kong economy was seriously damaged due to series of internal and external political factors. As a result, insurance brokerage segment of the Group was therefore inevitably affected.

The Group had built up a network with not less than 30 products issuers. Major product issuers of the insurance brokerage business are local branches of nationwide insurance companies.

There are 65 consultants who are capable for providing insurance advisory services and financial needs analysis to the clients (the "Consultants"). The job duties of the Consultants are promotion, arrangement, and sale of the insurance plan provided by the product issuers. Most of the Consultants are licensed under Professional Insurance Brokers Association.

Traditional life insurance plans are the major insurance products promoted by the subsidiary of the Company. Moreover, the Consultants also act as independent brokers for general and investment-linked insurance products in the course of providing advisory services to the clients.

Prospects

Insurance brokerage segment has used its best effort to lower its cost and to maintain its competitiveness. As several COVID-19 vaccines having developed, global economy is expected to resume by the end of 2021. The Company expects insurance brokerage segment can restore its advantages when the economy starts to recover.

The Company has entered into a strategic cooperation framework agreement with 中資瀾品牌管理(北京)有限公司 (Zhong Zi Lan Pin Pai Management (Beijing) Company Limited) in January 2020. The Company believes that it can promote and enhance the image and the recognition of the Company in the PRC. Hence, it would help the Group to broaden the sources of customers for insurance brokerage.

In the future, the Group will continue to put efforts on marketing and may expand the brand building activities and business development in the Guangdong-Hong Kong-Macao Greater Bay Area.

Money Lending Business

Business Review

Having considered the keen market competition and the challenging environment, risks associated with the possible default by the borrowers, decline in lending interest rate and the cost of management the loan portfolio, the Group has not sought for the renewal of the money lending license during the period ended 31 December 2020. The Group targets to recover the entire loan receivables upon their maturities in year 2021.

The Group has not granted any new loans after the decision of not renewal of license. The Group has taken and will take all actions, including but not limited to, the engagement of independent debt collecting companies and take appropriate legal action, to collect the debts.

Prospects

The Group plans to re-commence the money lending business in the 3rd quarter of 2021 or soon after; expected that the COVID-19 pandemic is under control and the economic environment become steady.

Assets Management and Securities Brokerage Services

Business Review

Kirin Securities Limited (formerly known as Sang Woo (Kirin) Securities Limited) (“Kirin Securities”), a subsidiary of the Company, holds licenses to carry out type 1 and type 4 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Kirin Securities provides securities brokerage services mainly by acting as placing agent and joint lead manager for clients in the securities related business. Due to limited resources and minimizing exposure of risk, Kirin Securities does not provide margin financing services.

For the Reporting Period, Kirin Securities had acted as one of the IPO sub-underwriters and/or joint bookrunners for various Hong Kong listed companies. The fee and commission generated from those services were major sources of income for Kirin Securities.

Prospect

Due to the limited resources of the Group and the fluctuation of the capital market, the Group does not intend to put resources into the asset management business or provide any margin financing services in securities brokerage business. The Group will, through its network build up from the past few years, continue to look for opportunities to act as placing agent and joint bookrunner.

MCN Entertainment Business

Business Review

The major businesses of the Group are geographically focused in Hong Kong. Since mid-2019, there were various unfavourable factors affecting the local economy in Hong Kong. Hence, the Company would like to diversify its geographical business risks and look for opportunities in developing new business. The Company started to conduct its MCN entertainment related businesses through its wholly owned subsidiary, PT Trading Hong Kong Limited (“PT Trading”).

PT Trading had entered into framework agreements with certain parties in 2019, pursuant to which PT Trading was granted the overseas broadcasting licenses to broadcast TV episodes and films on different internet streaming platforms for ten years. Each episode and film shall be subject to their authorised region of the publication right. In 2020, PT Trading entered into cooperation agreements with two distributors which will broadcast TV episodes and films on their overseas platform and MCN. The cooperation with the distributors will push forward the progress and development of the Group’s entertainment business, which is considered as the stepping stone to further increase the market share of the Group in the entertainment market.

Prospect

As the Company does not possess its own broadcasting platform and did not enter into any cooperation agreement with the MCN directly, the Group will continue to look for new distributors to broadcast the TV episodes and films on hand on different platforms and networks.

The MCN entertainment services are customer-oriented. The preference of the market varies greatly and keeps on changing. There will be challenges to the Company in following the trend and seeking quality new episodes and films in order to meet the market preference timely.

The Group will keep on looking for new business partners to increase its market share in the MCN entertainment services related businesses.

FINANCIAL REVIEW

For the Reporting Period, the Group's turnover was approximately HK\$69,175,000, representing a decrease of approximately HK\$28,134,000 or 28.9% as compared to that of approximately HK\$97,309,000 for the year ended 30 June 2019. The decrease was mainly due to the significant decrease of turnover from the insurance brokerage services.

The consolidated loss before taxation of the Group for the Reporting Period was approximately HK\$88,306,000, represents an increase of approximately 51.0% as compared to that of approximately HK\$58,475,000 for the year ended 30 June 2019. The increase in consolidated loss before taxation was primarily attributable to the (i) impairment loss on loan receivables of approximately HK\$23,981,000 (year ended 30 June 2019: approximately HK\$4,802,000); (ii) significant decrease of turnover of the Group, particularly the turnover from the insurance brokerage services; (iii) impairment loss on goodwill of approximately HK\$2,842,000 (the year ended 30 June 2019: HK\$nil).

Loss per share for the Reporting Period was 34.94 HK cents (the year ended 30 June 2019: 20.94 HK cents).

Distribution costs for the Reporting Period was approximately HK\$826,000, representing a decrease of approximately HK\$7,663,000 as compared to that of approximately HK\$8,489,000 for the year ended 30 June 2019. The decrease was mainly due to the decrease in selling, distribution and marketing promotion expenses incurred for the business of insurance brokerage services.

Administrative expenses for the Reporting Period was approximately HK\$48,232,000, representing an increase of approximately HK\$9,521,000 as compared to that of approximately HK\$38,711,000 for the year ended 30 June 2019. The increase was mainly due to increase of entertainment, consultancy service fee, depreciation, management fee for collection debts and professional fee.

The finance costs for the Reporting Period was approximately HK\$48,690,000, an increase of approximately HK\$15,534,000 as compared to that of approximately HK\$33,156,000 for the year ended 30 June 2019. The increase in finance costs was mainly due to the interest expenses on corporate bonds which cover the period of eighteen months.

The impairment loss on goodwill for the Reporting Period was approximately HK\$2,842,000 (year ended 30 June 2019: HK\$nil). The impairment was primarily attributed to the full recognition of the impairment loss on goodwill for the money lending services segment.

The impairment loss on loan receivables for the Reporting Period was approximately HK\$23,981,000, representing an increase of approximately 399.4% as compared to that of approximately HK\$4,802,000 for the year ended 30 June 2019. The increase of impairment loss reflected the financial risks in the money lending services segment.

Trade and other receivables increased from approximately HK\$45,050,000 as at 30 June 2019 to approximately HK\$72,755,000 for the Reporting Period. The increase was mainly due to the increase in interest receivable as the increase of loan receivable and other receivables for collection debts.

Trade and other payables increased from approximately HK\$60,678,000 as at 30 June 2019 to approximately HK\$65,625,000 for the Reporting Period. The increase was mainly due to increase of interest payables for corporate bonds.

At 31 December 2020, the corporate bonds issued by the Company on various dates is approximately HK\$247,907,000 of which total outstanding principal amount approximately HK\$169,603,000 has fallen due. Subsequent to 31 December 2020, and as at the date of this report, the Company has repaid HK\$5,644,000 by cash and \$37,972,000 has been set off by the subscription prices from the subscription of shares of the Company by certain bondholders under specific mandate.

FINANCIAL POSITION

As at 31 December 2020, the net assets and net current liabilities was approximately HK\$14,227,000 and HK\$39,943,000 respectively (30 June 2019, the net assets and net current assets: approximately HK\$86,852,000 and HK\$90,080,000 respectively) of which approximately HK\$7,405,000 were cash and cash equivalents (30 June 2019: approximately HK\$11,540,000).

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group did not hold any significant investments.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and bank balances as at 31 December 2020 was approximately HK\$7,405,000 (30 June 2019: approximately HK\$11,540,000). As at 31 December 2020, the current ratio of the Group was 0.87 (30 June 2019: 1.34), comprised current assets of approximately HK\$267,026,000 and current liabilities of approximately HK\$306,969,000. The gearing ratio was approximately 22.8 as at 31 December 2020 (30 June 2019: 3.2), which was computed as total liabilities of approximately HK\$323,957,000 (30 June 2019: approximately HK\$279,744,000) divided by total equity of approximately HK\$14,227,000 (30 June 2019: approximately HK\$86,852,000).

CAPITAL STRUCTURE

Details of the capital structure of the Company are set out in note 14 to the consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 31 December 2020 are set out in note 16 to the consolidated financial statements.

ENVIRONMENTAL PROTECTION POLICY

The Group has strong commitment towards environmental protection. The management will review the Group's environmental practices from time to time and will consider implementing further ecology friendly measures and practices in the operation to enhance environmental protection and sustainability. Details of which are disclosed in our Environmental, Social and Governance report, which will be issued separately by the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

CONTINGENT LIABILITIES

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

FOREIGN CURRENCY EXPOSURE

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 23 (30 June 2019: 48) full-time employees. Staff costs for the Reporting Period was approximately HK\$19,379,000 (the year ended 30 June 2019: approximately HK\$22,742,000).

The remuneration policy for the employees of the Group is based on their respective merit, qualifications and competence and prevailing market conditions.

EVENTS AFTER THE REPORTING PERIOD

Subscriptions of new shares under specific mandate

On 27 November 2020, the Company and 20 subscribers (the “Subscribers”) entered into the subscription agreements (the “Subscription Agreement”). Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 166,935,000 subscription shares (the “Subscription Shares”). The Subscription Shares will be issued at the subscription price (the “Subscription Prices”) of approximately HK\$0.24 per subscription share. The Subscription Shares will be allotted and issued under a specific mandate by the shareholders of the Company in a special general meeting. The aggregate Subscription Price in the amount of approximately HK\$40,121,137.73 shall be set off against the debts due to the Subscribers by the Company on dollar-for-dollar basis. A special general meeting was held on 4 March 2021 and the subscription was approved by the shareholders of the Company. Subsequently, the subscription was completed on 10 March 2021 and 166,935,000 Subscription Shares were allotted and issued.

Discloseable transaction in relation to the subscriptions of shares in M-Shine

Reference are made to the announcement of the Company dated 25 March 2020, in relation to, among other things, the entering into of the non-legally binding memorandum of understanding in respect of the possible subscription of shares in the M-Shine by Ample Gaint. On 22 March 2021, Ample Gaint, as subscriber, M-Shine, as issuer, and the guarantors to M-Shine, entered into a subscription agreement, pursuant to which Ample Gaint has conditionally agreed to subscribe for, and M-Shine has conditionally agreed to allot and issue, the subscription shares, representing 60% of the issued share capital of M-Shine as enlarged by the allotment and issue of the subscription shares, at the aggregate subscription price of HK\$3,000,000. Details of which are set out in the announcements of the Company dated 25 March 2020 and 22 March 2021 respectively.

DIVIDEND

The Directors do not recommend the payment of any dividend for the Reporting Period (year ended 30 June 2019: Nil).

MAJOR EVENTS DURING THE REPORTING PERIOD

Acquisition and disposal of subsidiaries

On 16 September 2019, the Company and an independent third party entered into a sale and purchase agreement, pursuant to which the Company agreed to dispose of the entire 100% equity interests in Cyber Leader Holdings Limited, a wholly-owned subsidiary of the Company that carried out the Group's sales of livestocks business at a cash consideration of HK\$100,000. The disposal was completed on 16 September 2019.

On 16 September 2019, the Company and an independent third party entered into a sale and purchase agreement, pursuant to which the Company agreed to dispose of its 100% equity interests in Aritza Holdings Limited, an immediate holding company of One PR Limited, at a cash consideration of HK\$4,500,000. The disposal was completed on 16 September 2019.

On 25 March 2020, Ample Gaint Investment Limited ("Ample Gaint"), a wholly owned subsidiary of the Company, as subscriber, and M-Shine Movie (Asia) Limited ("M-Shine"), as issuer, entered into a non-legally binding memorandum of understanding, pursuant to which, it is proposed that Ample Gaint (or its nominee) will subscribe for 150,000 subscription shares to be allotted and issued by M-Shine, representing 60% of the share capital of M-Shine as enlarged by the allotment and issue of the subscription shares. The aggregate subscription price is preliminary agreed to be HK\$6,000,000, whereas the exact amount and the manner of settlement are to be more specifically provided under the formal agreement. Detail of which is set out in the announcement of the Company dated 25 March 2020.

Equity-linked agreements

The Company and China Rich Securities Limited (the "Placing Agent") entered into a placing agreement and a supplemental placing agreement on 4 June 2019 and 30 October 2019 respectively, pursuant to which the Placing Agent has conditionally agreed, on a best effort basis, to procure subscriptions for 2% coupon convertible bonds up to the principal amount of HK\$171,000,000 due on the third anniversary of the first issue date, entitling the holders thereof the rights to convert 427,500,000 conversion shares of HK\$0.005 each in the share capital of the Company at an initial conversion price of HK\$0.4 (subject to adjustment). The aggregate nominal value of the conversion shares under the placing is HK\$2,137,500 and the reason for conducting the placing is to settle the outstanding liabilities of the Group. The placing was subsequently completed on 20 January 2020 and the gross proceeds from the placing was HK\$6,060,000. The net proceeds from the placing was approximately HK\$5,500,000 of which approximately HK\$4,500,000 was used to settle the liabilities of

the Group and approximately HK\$1,000,000 was used as general working capital of the Group. Each of the placees and their ultimate beneficial owner(s) are independent of and not connected with the Group, its connected persons and their respective associates (“Independent Third Parties”). Details of which are set out in the announcements of the Company dated 4 June 2019, 30 October 2019 and 20 January 2020 respectively.

On 11 May 2020, the Company has entered into a placing agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, up to 30,000,000 new shares to not less than six independent placees at a price of HK\$0.3 per new share. The aggregate nominal value of the placing shares under the placing is HK\$150,000 and the reason for conducting the placing is to settle the outstanding liabilities of the Group. The placing was subsequently completed on 22 May 2020 and the net proceeds from the placing was approximately HK\$7,800,000 of which approximately HK\$6,500,000 was used to settle the outstanding of indebtedness of the Group and the remaining proceeds of approximately HK\$1,300,000 was used as general working capital of the Group. Each of the placees and their ultimate beneficial owner(s) are Independent Third Parties. Details of which are set out in the announcements of the Company dated 11 May 2020 and 22 May 2020.

On 4 June 2020, the Company has entered into the subscription agreements with three subscribers, namely, Chan Chui Han, Ng Simon and So Yiu Bun, who are Independent Third Parties, pursuant to which the subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 15,960,000 new shares in total. The aggregate nominal value of the subscription shares under the subscriptions is HK\$79,800 and the reason for conducting the subscriptions is to set off the outstanding debts indebted to the subscribers. The aggregate subscription price payable by the subscribers to the Company shall be set off against the equivalent amount of the debts due from the Company to the subscribers on dollar-for-dollar basis. The subscriptions were subsequently completed on 12 June 2020. The net proceeds from the subscriptions was HK\$4,336,888 which had been set off against the equivalent amount of the debts being indebted to the subscribers on dollar-for-dollar basis. Details of which are set out in the announcements of the Company dated 4 June 2020 and 12 June 2020.

On 10 August 2020, the Company announced that the Board proposed resolutions, among other things, to refresh the current general mandate of the Company subject to the independent shareholders’ approval, and to terminate the existing share option scheme of the Company and adopt the new share option scheme subject to the shareholders’ approval and the grant of listing approval from the Stock Exchange. A special general meeting of the Company was subsequently held on 26 August 2020 and all the resolutions to consider and, if thought fit, were duly passed by the shareholders. Details of which are set out in the circular and the announcement of the Company dated 10 August and 26 August 2020 respectively.

On 27 November 2020, the Company and 20 subscribers have entered into the subscription agreements, pursuant to which, the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe for, an aggregate of 166,935,000 subscription shares. The subscription shares will be issued at the subscription price of approximately HK\$0.24 per subscription share. The aggregate nominal value of the subscription shares under the subscriptions is be HK\$834,675 and the reason for conducting the subscriptions is to set off the outstanding debts indebted to the subscribers. The aggregate subscription price payable by the subscribers to the Company of HK\$40,121,137.73 shall be set off against the equivalent amount of the debts due from the Company to the subscribers on dollar-for-dollar basis. The subscriptions was approved by the shareholders of the Company at a special general meeting on 4 March 2021. The subscriptions were subsequently completed on 10 March 2021. There were no proceeds from the Subscriptions and the subscription price of HK\$40,121,137.33 had been set off against the equivalent amount of the debts being indebted to the subscribers on dollar-for-dollar basis. Details of which are set out in the announcements and circular of the Company dated 27 November 2020, 9 December 2020, 11 February 2021, 4 March 2021 and 10 March 2021.

OTHER INFORMATION

Share Option Scheme

The Company adopted a share option scheme (the “Previous Scheme”) pursuant to a resolution passed by the shareholders on 5 November 2010. Under the Previous Scheme, the Directors may grant share options to the eligible persons to subscribe for such number of shares during such period of time as the Directors may determine.

Pursuant to the terms of the Previous Scheme, it shall be valid and effective for a period of ten years from its date of adoption. In view of the fact that the Previous Scheme will expire and the amendments to the relevant GEM Listing Rules since the adoption of the Previous Scheme, a new share option scheme (the “New Scheme”) has been proposed by the Board in accordance with Chapter 23 of the GEM Listing Rules. Subsequently, the Previous Scheme was terminated and the New Scheme was adopted upon to the passing of an ordinary resolution by the shareholders at a special general meeting held on 26 August 2020. For further details, please refer to the Company’s circular dated 10 August 2020 and the announcement dated 26 August 2020.

As at 31 December 2020, none of the Directors, employees and other eligible persons of the Company or its subsidiaries were granted options to subscribe for the shares of the Company neither under the Previous Scheme nor the New Scheme.

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

Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares or Debentures of The Company or any Associated Corporations

Save as disclosed below, as at 31 December 2020, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO")), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange:

Long position in the Shares

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Wang Hongtao	Beneficial owner	315,000 (Long position)	0.11%
Mr. Zhou Wenjun ("Mr. Zhou") (Note 1)	Beneficial owner	4,320,000 (Long position)	1.54%

Note 1: These 4,320,000 Shares are beneficially owned by Ms. Wang Guo Feng ("Ms Wang"), being the spouse of Mr. Zhou. Mr. Zhou is therefore deemed to be interested in 4,320,000 Shares held by Ms. Wang under the SFO.

Substantial Shareholders and Other Persons' Interest and Short Positions in The Shares and Underlying Shares

As at 31 December 2020, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debt Securities

Other than as disclosed under the sections "Share Option Scheme" and "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporations" above, at no time during the Reporting Period was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Competing Interest

As at 31 December 2020, none of the Directors or substantial shareholders of the Company has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

Directors' Interests in Contracts

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

The Board and the management of the Company are committed to achieving and maintaining high standards of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

The Company is in compliance with the CG Code and the code provisions save for the deviation as explained below:

The Code provision A4.1 provides that non-executive Directors should be appointed for specific term, subject to re-election. The Company has deviated from the provision in that the non-executive Directors and all independent non-executive Directors are not appointed for specific term. They are, however, subject to retirement by rotation and re-election. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and the re-election requirements of non-executive Directors and independent non-executive Directors have given the Company's shareholders the right to approve continuation of independent non-executive Directors' offices.

Save as the aforesaid and in the opinion of the Directors, the Company has met all relevant code provisions as set out in the CG code during the Reporting Period.

Compliance with the Required Standard for Securities Transactions by Directors

The Company has adopted a code of conduct on terms set out in the standard of dealings (the "Standard Dealings") contained in Rule 5.48 to Rule 5.67 of the GEM Listing Rules regarding securities transactions by Directors. Upon specific enquiries by the Company, all Directors confirmed that they have fully complied with the Standard Dealings.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference aligned with the provisions of the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ng Chi Ho Dennis (as the chairman), Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace. The consolidated financial statements of the Group for the Reporting Period have been reviewed by the Audit Committee.

Publication of Annual Report on the websites of the Stock Exchange and the Company

The annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and be published on the GEM website of the Stock Exchange (www.hkgem.com) and the Company's website (www.tricor.com.hk/webservice/08109) in due course.

By Order of the Board
Kirin Group Holdings Limited
Wang Jinhua
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. Wang Jinhua, Mr. Wang Hongtao, Mr. Zhou Wenjun, Mr. Wang Jiankun and Mr. Hung Tat Chi Alan as the executive Directors, Mr. Ng Chi Ho Dennis, Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace as the independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.tricor.com.hk/webservice/08109.