KIRIN GROUP HOLDINGS LIMITED
麒麟集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 8109)

2020
ANNUAL REPORT

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 and 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Kirin Group Holdings Limited (the "Company"), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") of the Stock Exchange 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 report 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 document misleading.

The report will remain on the GEM website on the "Latest Company Announcements" page for at least 7 days after its posting and the website of the Company at www.tricor.com.hk/webservice/08109.

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wang Jinhan *(Chairman)* (appointed on 6 November 2019)
Mr. Wang Hongtao
Mr. Zhou Wenjun (appointed on 11 December 2019)
Mr. Wang Jiankun (appointed on 1 October 2020)
Mr. Hung Tat Chi Alan (appointed on 28 January 2021)
Mr. Chow Yik (resigned on 1 October 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Chi Ho Dennis
Mr. Li Chun Sing (appointed on 15 May 2020)
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)
Mr. Wang Rongqian (resigned on 1 September 2020)

COMPLIANCE OFFICER

Mr. Wang Jinhan (appointed on 1 October 2020)
Mr. Chow Yik (resigned on 1 October 2020)

COMPANY SECRETARY

Mr. Chan Hank Daniel (appointed on 1 January 2020)
Mr. Chow Kai Cheong Isaac (resigned on 31 December 2019)

COMMITTEES

AUDIT COMMITTEE

Mr. Ng Chi Ho Dennis *(Chairman)*
Mr. Li Chun Sing (appointed on 15 May 2020)
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)

NOMINATION COMMITTEE

Mr. Ng Chi Ho Dennis *(Chairman)*
Mr. Wang Hongtao (appointed on 15 May 2020)
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)

REMUNERATION COMMITTEE

Mr. Ng Chi Ho, Dennis *(Chairman)*
Mr. Li Chun Sing (appointed on 15 May 2020)
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)

AUTHORISED REPRESENTATIVES

Mr. Wang Hongtao (appointed on 31 December 2019)
Mr. Wang Jinhan (appointed on 1 October 2020)
Mr. Chow Kai Cheong Isaac (resigned on 31 December 2019)
Mr. Chow Yik (resigned on 1 October 2020)

AUDITOR

Jonten Hopkins CPA Limited
Certified Public Accountants
3/F, Sun Hung Kai Centre
30 Harbour Road
Wan Chai
Hong Kong

LEGAL ADVISERS

Bermuda Law:
Conyers Dill & Pearman
Room 2901, One Exchange Square
8 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1005A, 10/F, Sino Plaza
255–257 Gloucester Road
Causeway Bay, Hong Kong

GEM STOCK CODE

8109

COMPANY WEBSITE

www.tricor.com.hk/webservice/08109

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of the Directors of the Company, I am pleased to present our annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the eighteen months ended 31 December 2020 (the "Reporting Period").

REVIEW OF RESULTS

Pursuant to a resolution of the Board dated 19 June 2020, the Company financial year end date was changed from 30 June to 31 December. Hence, the annual report for the Reporting Period including audited consolidated financial statements of the Group covers a financial period of eighteen months from 1 July 2019 to 31 December 2020.

For the period under review, the Group had faced a series of difficulties arising from various local and international crises. Since the political unrest in Hong Kong happened in June 2019, Hong Kong's economy has deteriorated as consumption from local residents and visitors from the mainland China dropped dramatically. Hong Kong's economy had been severely affected and had further deteriorated as a result of the trade disputes and political wrestling between China and USA.

With the outbreak of COVID-19 since early 2020, all the countries in the world were facing unprecedented challenges to fight the global crisis that was brought by the pandemic. All the business sectors almost became stagnant due to the lockdown of cities, closure of countries borders, and prohibition of travelling, the global economy fell into the black hole and sights of recovery seems unpredictable. Despite of various measures taken by the HKSAR government to assist and maintain the local economy, economic recession has inevitably occurred and unemployment rate has been rising. As the Group's principal business activities are geographically based in Hong Kong, these unfavourable conditions inevitably brought severe negative impacts to the Group's businesses.

Hence, for the Reporting Period, the Group's revenue was approximately HK$69,175,000 and the Group recorded a consolidated loss before taxation of approximately HK$88,306,000.

BUSINESS OPERATIONS

The Group is principally engaged in: (a) the provision of insurance brokerage services in Hong Kong; (b) the provision of money lending services in Hong Kong; (c) the provision of assets management and securities brokerage services in Hong Kong; and (d) the provision of multi-channel network ("MCN") entertainment services during the Reporting Period.

Under the challenging business environment, the Group used its best effort to take measures to reduce its operation expenses to maintain its competitiveness. The Group anticipates to restore its advantages in its business sectors once the economy recovers.

On the other hand, the Group also strives to develop its business opportunities to enhance the value of the Company and the interests of our shareholders and investors. The Group had ceased to operate the businesses of sales of livestocks and provision of public relation services after the disposal of Cyber Leader Holdings Limited and Aritza Holdings Limited which held an interest in an associate, One PR Limited, in September 2019.

In light of the solid experiences and extensive business connection in the entertainment business possessed by the Directors, the Company decided to look for opportunities to develop its own entertainment business, which is in line with the Group's business strategies of diversification.

In September 2019, the Company entered into the framework agreements with certain parties to obtain various episodes and films overseas broadcasting license for various episodes and films. The licenses granted provide solid driving force for the continual growth of the Group through distributing the episodes and films to distributors or other media streaming platforms, particularly MCN. By the end of 2020, the Group has entered into cooperation agreements with two distributors who will broadcast the episodes and films that the Company obtained on their overseas platform and MCN. The Company expects that the provision of MCN entertainment services will provide a momentum to the growth of the business of the Group in the future.

CHAIRMAN'S STATEMENT

In January 2020, the Group entered into of 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#) ("Zhong Zi Lan"). Pursuant to the agreement, Ample Gaint Investment Limited ("Ample Gaint"), a wholly owned subsidiary of the Company, is authorized to use the copyright of "I am Jackie Chan Musical Youth Edition", which is owned by Zhong Zi Lan, so that Ample Gaint is allowed to promote and perform "I am Jackie Chan Musical Youth Edition" with third parties in the cities of the People's Republic of China (the "PRC"), including Hong Kong, Macau and Taiwan.

On 22 March 2021, Ample Gaint, a wholly-owned subsidiary of the Company, as subscriber, M-Shine Movie (Asia) Limited ("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. M-Shine is a company incorporated in Hong Kong with limited liability and its principal activity is the provision of entertainment services to the internet platforms and MCN businesses. M-Shine possesses copyrights of various movies and TV episodes. M-Shine, together with its subsidiaries in the PRC, are principally engaged in the provision of entertainment services to the internet platforms and MCN businesses and organizing cultural activities in the PRC. Under the subscription agreement, a put option is also granted to Ample Gaint by the guarantors and shall become exercisable upon the non-fulfillment of the profit guarantee of which net profit before taxation for the period of year after the date of completion shall be not less than HK$5,000,000. The Company considers that there is great potential in the digital entertainment and digital marketing business in the global market and which will provide driving force for the continual growth of the Group. In addition, it may diversify the geographical presence of the business of the Group into other regions of the PRC and minimize the impact of the "US-China trade war" as well.

In order to expand its shareholders' base and increase its operation cashflow, the Company had carried out various fund raising activities such as placing of new shares and convertible bonds for the period under review. The Company also entered into subscription agreements with certain bond holders to offset the overdue corporate bonds with the subscription prices.

PROSPECTS

Looking forward to the coming year, the Group will continue to look for appropriate investment opportunities with reasonable and potential returns to enhance the Group's future development opportunity. Besides, the Company may carry out appropriate means of fund raising including but not limited to equity financing and debt financing in order to strengthen the financial position of the Group and develop the business of the Group.

APPRECIATION

I hereby take this opportunity to express our appreciation to all the Board members for their support and efforts to the Group. In addition, on behalf of the Board, I also would like to express our sincere thanks to the officers, and all the staff for their dedication and hardwork throughout the Reporting Period.

Wang Jinhan
Chairman
Hong Kong, 26 March 2021

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 Zhong Zi Lan 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 51.08% 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 increase of interest expenses on corporate bonds which cover the period of eighteen months.

The impairment loss on goodwill for the Reporting Period was approximately HK$2,842,000 (the year ended 30 June 2019: HK$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$65,624,000 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 33 to the consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments of the Group as at 31 December 2020 are set out in note 37 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

Details of the events after the reporting period of the Group are set out in note 46 to the consolidated financial statements.

DIVIDEND

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

PLEDGE OF ASSETS

Save for the finance leases disclosed in note 29 to the consolidated financial statements, as at 31 December 2020 and 30 June 2019, none of the assets of the Group has been pledged.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. WANG Jinhan

Mr. Wang Jinhan ("Mr. Wang J.H."), aged 60, has been appointed as an executive Director and the chairman of the Company on 6 November 2019. Mr. Wang J.H. graduated from Wuhan University with a master's degree in philosophy. He has over 28 years in media, education and culture development. Mr. Wang J.H. is a director of the international education and communication center of the Belt and Road Portal, an executive director of the Big Health Operation Center and deputy director of Video and Film Cultural Center in China.

Mr. WANG Hongtao

Mr. Wang Hongtao ("Mr. Wang H.T."), aged 44, has been appointed as an executive Director on 21 February 2019. He is also a member of the nomination committee of the Company. Mr. Wang H.T. graduated from Hubei University with a bachelor's degree in engineering. Mr. Wang H.T. has over 20 years in media, arts and culture development. Mr. Wang H.T. is the chairman of Zhong Shi Zhi Jue (Beijing) Advertising Company Limited and the chairman of Hua Xia Chuan Shi Cultural Development Company Limited.

Mr. ZHOU Wenjun

Mr. Zhou Wenjun ("Mr. Zhou"), aged 50, has been appointed as an executive Director on 11 December 2019. He graduated from Shanghai Normal University with a bachelor's degree in arts. Mr. Zhou has over 25 years in media, arts and culture development in the PRC. Mr. Zhou is the president of Zhongzilan Brand Management (Beijing) Company Limited and an executive director of Beijing Resplendent Star Cultural Group Company Limited in China.

Mr. WANG Jiankun

Mr. Wang Jiankun ("Mr. Wang J.K."), aged 40, has been appointed as an executive Director on 1 October 2020. He graduated from Guangdong University of Foreign Studies in 2002 major in international trading. From 2008 to 2014, he was a director of a company in the People's Republic of China, which was principally engaged in the provision of trading and financing services. Mr. Wang J.K. has over ten years of experience in international trading, financing and business development.

Mr. HUNG Tat Chi Alan

Mr. Hung Tat Chi Alan ("Mr. Hung"), aged 42, has been appointed as an executive Director on 28 January 2021. He holds master degrees in civil engineering from Hong Kong University of Science and Technology and in business administration from Federation University Australia. Mr. Hung is a member of the International Institute of Management. Mr. Hung is specialised in construction engineering (geotechnical, structural, environmental and material science), research and development, sales and marketing, fundraising, mergers and acquisitions, business administration and event management. Mr. Hung has been taking up key positions as engineering professional and senior executive in public companies, private enterprises, statutory body and non-governmental organisations for more than 15 years, and has established extensive network with government officials, entrepreneurs, organisation leaders, scholars and professionals. He is the chairman of the Chinese Turkish Economic and Cultural Exchange Association, executive vice chairman of Shenzhen Hong Kong Youth Exchange Promotion Association and deputy secretary general of the Preparatory Committee for the World Summit of Chinese Entrepreneurs. Mr. Hung was an executive director of Evershine Group Holdings Limited (stock code: 8022) from March 2017 to January 2021, and Aurum Pacific (China) Group Limited (stock code: 8148) from March 2016 to March 2017, the shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Chi Ho Dennis

Mr. Ng Chi Ho Dennis ("Mr. Ng"), aged 62, has been appointed as an independent non-executive Director on 13 April 2015. He is also the chairman of each of the nomination committee, the remuneration committee and the audit committee of the Company. Mr. Ng holds a Bachelor of Commerce degree from the University of New South Wales, Australia and is a chartered accountant of The Chartered Accountants Australia and New Zealand as well as a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ng is currently an independent non-executive director of China City Infrastructure Group Limited (stock code: 2349), the shares of which are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Media Asia Group Holdings Limited (stock code: 8075) and L&A International Holdings Limited (stock code: 8195), the shares of which are listed on the GEM of the Stock Exchange.

Mr. LI Chun Sing

Mr. Li Chun Sing, aged 29, has been appointed as an independent non-executive Director on 15 May 2020. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Li holds a bachelor degree of commerce in accounting and finance from The University of New South Wales, Australia. He is a member of the Certified Practising Accountant Australia. He had worked at Ernst & Young, an international accounting firm, for five years.

Mr. LEE Cheung Yuet Horace

Mr. Lee Cheung Yuet Horace ("Mr. Lee"), aged 39, has been appointed as an independent non-executive Director on 1 September 2020. He is also a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Lee obtained a Bachelor Degree of Commerce (Accounting) from The University of Queensland, Australia in 2004. Mr. Lee has been a member of the Association of Chartered Certified Accountants since 2009 and became a fellow member since 2014. Mr. Lee has over 16 years of experience in financial reporting, investment analysis, mergers and acquisitions and business development. Mr. Lee has been taking up various senior positions in the financial and business sectors for over ten years and he also has extensive experience in Hong Kong listed companies. Mr. Lee is currently an independent non-executive director of Hybrid Kinetic Group Limited (stock code: 1188) and Asia Television Holdings Limited (stock code: 707), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Lee was an independent non-executive director of Chuan Holdings Limited (stock code: 1420), the shares of which are listed on the Main Board of the Stock Exchange, from November 2017 to June 2020 and an executive director of Aurum Pacific (China) Group Limited (stock code: 8148), the shares of which are listed on GEM of the Stock Exchange, from February 2018 to April 2019.

COMPANY SECRETARY

Mr. Chan Hank, Daniel ("Mr. Chan"), aged 46, was appointed by the Board as the company secretary of the Company on 1 January 2020. Mr. Chan is currently a partner at Michael Li & Co., the legal advisers to the Company as to Hong Kong laws. Mr. Chan has been the company secretary of GT Steel Construction Group Limited (stock code: 8402) since 3 March 2017. He obtained his Bachelor of Laws and Bachelor of Commerce from Macquarie University, Sydney, Australia in April 2000. He is a practicing solicitor and was admitted as a solicitor in Hong Kong in December 2003. Up to the date of this report, Mr. Chan has undertaken not less than 15 hours of relevant professional training.

COMPLIANCE OFFICER

Mr. Wang Jinhan is an executive Director and the compliance officer of the Company. His biographical details are set out on page 12 of this report.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries of the Company as at 31 December 2020 are set out in note 45 to the consolidated financial statements.

BUSINESS REVIEW

A business review of the Group and an indication of likely future development in the Group's business are provided in the "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period and the state of the affairs of the Group as at that date are set out in the consolidated financial statement on pages 37 to 125.

SHARE CAPITAL AND RESERVES

As at 31 December 2020, the total number of shares issued by the Company was 279,694,268. Details of the capital structure of the Company are set out in note 33 to the consolidated financial statements.

Movements in the reserves of the Group are set out in the consolidated statement of changes in equity on page 41.

DISTRIBUTABLE RESERVES

At 31 December 2020, the Company does not have any distributable reserves calculated in accordance with the provisions of the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws and there is no restriction against such rights under the laws of Bermuda.

FINANCIAL SUMMARY

A summary of published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 126. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

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. Details of movements in the Company’s share options during the Reporting Period ended are set out in note 34 to the consolidated financial statements.

Save as disclosed above, at no time during the year 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.

CONNECTED TRANSACTIONS

During the Reporting Period, there were no transactions needed to be disclosed as connected transactions in the consolidated financial statements and in accordance with the requirements of Chapter 20 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference aligned with the provisions of the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. 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.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at 31 December 2020, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group 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.

REPORT OF THE DIRECTORS

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors:
Mr. Wang Jinhan *(Chairman)* (appointed on 6 November 2019)
Mr. Wang Hongtao
Mr. Zhou Wenjun (appointed on 11 December 2019)
Mr. Wang Jiankun (appointed on 1 October 2020)
Mr. Hung Tat Chi Alan (appointed on 28 January 2021)
Mr. Chow Yik (resigned on 1 October 2020)

Independent non-executive Directors:
Mr. Ng Chi Ho Dennis
Mr. Li Chun Sing (appointed on 15 May 2020)
Mr. Lee Cheung Yuet Horace (appointed 1 September 2020)
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)
Mr. Wang Rongqian (resigned on 1 September 2020)

Pursuant to Bye-Law 84(1) of the Company's Bye-Laws, Mr. Wang Jinhan, Mr. Wang Hongtao and Mr. Zhou Wenjun shall retire by rotation at the forthcoming annual general meeting (the "AGM") of the Company and all of them, being eligible, have offered themselves for re- election.

All Directors are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Bye-Laws of the Company.

Details of the directors' emoluments and of the five highest paid individuals in the Group are set out in notes 12a and 12b to the consolidated financial statements, respectively.

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the directors' duties, responsibilities and performance and the results of the Group.

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

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 ("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 if 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

PERMITTED INDEMNITY PROVISION

The bye-laws of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. In addition, the Company has arranged directors and officers liability and company reimbursement insurance for its directors and officers.

MAJOR CUSTOMERS

The percentages of revenue for the Reporting Period attributable to the Group's major customers are as follows:

Revenue	
– the largest customer	17.0%
– five largest customers combined	46.6%

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

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, a wholly owned subsidiary of the Company, as subscriber, and 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.

REPORT OF THE DIRECTORS

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$40,121,137.73 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.

CORPORATE GOVERNANCE CODE

A report on the principle corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 21 to 32 in this report.

PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements were audited by Jonten Hopkins CPA Limited who retire and, being eligible, offer themselves for reappointment at the forthcoming AGM.

On behalf of the Board
Wang Jinhan
Chairman

Hong Kong, 26 March 2021

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in enhancing the shareholders' value.

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 emphasis 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 CG Code.

The Company is in compliance with the CG Code and the Code Provisions save for the deviation as explained and under the heading "Chairman and Chief Executive Office" 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.

BOARD COMPOSITION

The Company is headed by the Board which is responsible for directing and supervising the Company's affairs. As at the date of this report, the Board comprises five executive Directors and three independent non-executive Directors. Biographies of all the Directors and the relationships (if any) among them are set out on page 12 to 13 of this Annual Report.

The executive Directors are Mr. Wang Jinhan (Chairman), Mr. Wang Hongtao, Mr. Zhou Wenjun, Mr. Wang Jiankun and Mr. Hung Tat Chi Alan. The Company also appointed three independent non-executive Directors who have appropriate and sufficient experience and qualifications to carry out their duties so as to protect the interests of the shareholders. Mr. Ng Chi Ho Dennis, Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace are the independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

The Board shall be responsible for:

- Approval of corporate and business strategies of the Company
- Approval of the annual budgets and financial reports of the Group
- Monitoring the operating and financial performance of the Group
- Declaration of dividend to the shareholders of the Company
- Approval of investment proposals of the Company
- Restructuring and spin off relating to the Group
- Overseeing the processes for evaluation of the adequacy of internal controls, risk management, financial reporting and compliance
- Corporate governance

The management shall be responsible for:

- Day to day operations of the Company and its subsidiaries as delegated by the Board to the management
- Formulation of corporate and business strategies to be approved by the Board
- Execution of corporate and business strategies approved by the Board
- Formulation of investment, acquisition, mergers or spin off proposals
- Execution of investment, acquisition, mergers or spin off proposals and approved by the Board

BOARD DIVERSITY

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognises and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from each of the independent non-executive Directors in accordance with Rule 5.09 of the GEM Listing Rules. The Directors consider that all the independent non-executive Directors remain independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Reporting Period and up to the date of this report, all Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

Name of Director	**Attending seminar(s)/ programme(s)/reading relevant materials in relation to the business or directors' duties**
Executive Directors	
Mr. Wang Jinhan *(Chairman)* (appointed on 6 November 2019)	Yes
Mr. Wang Hongtao	Yes
Mr. Zhou Wenjun (appointed on 11 December 2019)	Yes
Mr. Wang Jiankun (appointed on 1 October 2020)	Yes
Mr. Hung Tai Chi Alan (appointed on 28 January 2021)	Yes
Independent non-executive directors	
Mr. Ng Chi Ho Dennis	Yes
Mr. Li Chun Sing (appointed on 15 May 2020)	Yes
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	Yes

All of the Directors also understand the important of continuous professional development and are committed to participating any suitable training or reading relevant materials in order to develop and refresh their knowledge and skills.

CORPORATE GOVERNANCE REPORT

ATTENDANCE OF INDIVIDUAL DIRECTORS AT BOARD MEETINGS FOR THE REPORTING PERIOD

The Board meets regularly on a quarterly basis. Apart from the regular Board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. During the Reporting Period, the Board held 29 meetings for the discussion and approval of important matters such as the approval of quarterly results, interim results, annual results and dividends, etc. The attendance record of each Director during the Reporting Period at the Board meetings is as follows:

Name of Director	**Number of attendance (Attended/Eligible to attend)**
Executive Directors	
Mr. Wang Jinhan *(Chairman)* (appointed on 6 November 2019)	23/23
Mr. Wang Hongtao	29/29
Mr. Zhou Wenjun (appointed on 11 December 2019)	21/21
Mr. Wang Jiankun (appointed on 1 October 2020)	5/5
Mr. Hung Tat Chi Alan (appointed on 28 January 2021)	1/1
Mr. Chow Yik (resigned on 1 October 2020)	23/24
Independent non-executive Directors	
Mr. Ng Chi Ho Dennis	28/28
Mr. Li Chun Sing (appointed on 15 May 2020)	14/14
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	6/6
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)	13/13
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)	21/21
Mr. Wang Rongqian (resigned on 1 September 2020)	21/21

Board minutes are kept by the secretary of the Company (the "Secretary") and are open for inspection by the Directors. Every Director is entitled to have access to the Board papers and related materials and has unrestricted access to the advice and services of the Secretary, and has the liberty to seek external professional advice if so required.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman shall be responsible for overseeing the operation of the Board, while the Chief Executive Officer shall oversee the business operations of the Company. The roles of the Chairman and Chief Executive Officer are set out in detail in the Bye-laws of the Company.

Code Provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Jinhan is the chairman of the Board. The position of chief executive officer of the Company remains vacant. The Board is identifying suitable candidate to fill the vacancy of the Chief Executive Officer.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the GEM Listing Rules. The terms of reference follows the requirement of Code Provision B.1.3. The Remuneration Committee currently comprises the independent non-executive Directors, namely, Mr. Ng Chi Ho Dennis (as the Chairman), Mr. Li Chun Sing and Mr. Lee Cheung Yuet Horace.

The Remuneration Committee is responsible for making recommendations to the Board regarding the Group's policy and structure for remuneration of all Directors and senior management. The Remuneration Committee is authorised to seek any information it requires from any employee of the Group and has the power to request the executive Directors and other persons to attend its meetings.

The Remuneration Committee is also authorised to obtain outside professional advice and to secure the attendance of other persons with relevant experience and expertise if it considers as necessary.

The works performed by the Remuneration Committee during the Reporting Period included reviewing and approving the remuneration package of the Directors (including the three independent non-executive Directors) and the senior management of the Company. During the process of consideration, no individual Director will be involved in decisions relating to his/her own remuneration.

For the Reporting Period, the Remuneration Committee held 6 meetings for the discussion of matters concerning the determination of remuneration of the Directors. The attendance record of each member of the Remuneration Committee is as follows:

Name of Director	**Number of attendance (Attended/Eligible to attend)**
Independent non-executive Directors	
Mr. Ng Chi Ho Dennis	6/6
Mr. Li Chun Sing (appointed on 15 May 2020)	3/3
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	2/2
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)	2/2
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)	3/3

NOMINATION COMMITTEE

The Company established a nomination committee (the “Nomination Committee”) with written terms of reference. The Nomination Committee currently comprises the independent non-executive Directors, namely, Mr. Ng Chi Ho Dennis and Mr. Lee Cheung Yuet Horace, and Mr. Wang Hongtao who is the executive Director. Mr. Ng Chi Ho Dennis is the chairman of the Nomination Committee.

The major functions of the Nomination Committee are to review the structure and composition of the Board, to review and provide recommendations to the shareholders of the Company on the terms of Directors service contract, and to assess the independence of the independent non-executive Directors. The major criteria in relation to the selection and nomination of Directors include professional background, industry-related experience and recommendations from the management team and industry societies. The terms of reference of the Nomination Committee are on terms no less exacting than the provision A.4.5 of the CG Code.

During the Reporting Period, the Nomination Committee reviewed the existing composition of the Board and senior management.

The Nomination Committee held 6 meetings during the Reporting Period. The attendance record of the meeting of the Nomination Committee is as follows:

Name of Director	Number of attendance (Attended/Eligible to attend)
Mr. Ng Chi Ho Dennis	6/6
Mr. Wang Hongtao (appointed on 15 May 2020)	3/3
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	2/2
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)	2/2
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)	3/3

BOARD NOMINATION POLICY

The Nomination Committee shall endeavor to find individuals of high integrity who have a solid record of accomplishment in their chosen fields and who possess the qualifications, qualities and skills to effectively represent the best interests of the Group and its shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. Candidates also will be assessed in the context of the then-current composition of the Board, the operating requirements of the Group. In conducting this assessment, the Nomination Committee will, in connection with its assessment and recommendation of candidates for director, consider diversity (including, but not limited to, gender, race, ethnicity, age, experience and skills) and such other factors as it deems appropriate given the then current and anticipated future needs of the Board and the Company, and to maintain a balance of perspectives, qualifications, qualities and skills on the Board.

The Nomination Committee considers the following qualifications at a minimum to be required of any Board members in recommending to the Board potential new board members, or the continued service of existing members:

- the highest professional and personal ethics;
- broad experience in business;
- ability to provide insights and practical wisdom based on their experience and expertise;
- commitment to enhancing shareholder value;
- sufficient time to effectively carry out their duties; their service on other boards of public companies should be limited to a reasonable number;
- compliance with legal and regulatory requirements; and
- ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with senior management of the Group.

ACCOUNTABILITY AND AUDIT

The Board acknowledged their responsibility for preparing the consolidated financial statements of the Group. The Directors ensured in preparing of the consolidated financial statements of the Group are in accordance with statutory requirements and applicable accounting standards.

The statement of the auditors of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference aligned with the code provisions of the CG Code. The Audit Committee currently comprises three members who are the independent non-executive Directors only, namely, Mr. Ng Chi Ho Dennis (as the chairman), Mr. Li Chun Sing and and Mr. Lee Yuet Cheung Horace. All of the members possess professional accounting qualifications and relevant accounting experience.

The main functions of the Audit Committee are to review and supervise the financial reporting process, financial controls, internal control and risk management system of the Group and to provide recommendations and advices to the Board on the appointment, reappointment and removal of external auditor as well as their terms of appointment. The terms of reference of Audit Committee are on terms no less exacting than the provision C.3.3 of the CG Code.

The following is a summary of the works performed by the Audit Committee during the Reporting Period:

– reviewing the auditor's management letter and management's response;

– assisting the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system;

– reviewing and considering the recently issued accounting standards, the adoption of new accounting standards and the change in significant accounting policies;

– reviewing the audited consolidated financial statements and final results announcement for the year ended 30 June 2019;

– reviewing the interim report and the interim results announcement for the six months ended 31 December 2019;

– reviewing the second interim report and the second interim results announcements for the year ended 30 June 2020;

– reviewing the quarterly reports and the quarterly results announcement for the three months ended 30 September 2019, nine months ended 31 March 2020, and fifteen months ended 30 September 2020 respectively; and

– meeting with the auditor of the Company to go through any significant audit issues or key findings noted during the audit of the Group's 2019 final results and before the commencement of the audit of the Group's 2020 final results.

All issues raised by the Audit Committee have been addressed by the management. The works and findings of the Audit Committee have been reported to the Board. During the Reporting Period, no issues brought to the attention of the management and the Board were of sufficient importance to require disclosure in this annual report.

For the Reporting Period, the Audit Committee held a total of 6 meetings, at which it reviewed the external findings, the accounting principles and practice adopted by the Group, the listing, statutory compliance, and financial reporting matters including recommendations made to the Board to approve the quarterly, interim and annual results for the year. The individual attendance record of each member of the Audit Committee is as follows:

Name of Director	Number of attendance (Attended/Eligible to attend)
Independent non-executive Directors	
Mr. Ng Chi Ho Dennis	6/6
Mr. Li Chun Sing (appointed on 15 May 2020)	2/2
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	1/1
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)	4/4
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)	5/5

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"), pursuant to which the Company may declare and distribute dividends to the Shareholders to allow the Shareholders to share the Company's profits and for the Company to retain adequate reserves for further growth.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's financial results, the general financial condition of the Group, the Group's current and future operations, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, liquidity position and capital requirement of the Group and any other factors that the Board deem appropriate.

The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or no way obligate the Company to declare a dividend at any time or from time to time.

AUDITOR'S REMUNERATION

For the Reporting Period, approximately HK$1,075,000 are payable to the auditor of the Company for audit service and approximately HK$340,000 are payable to the auditor of the Company for the non-audit services which includes interim review, taxation and other professional services.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining sound and effective internal control system of the Group. The Group's system of internal control includes a defined management structure with limits of authority, is designed to help achieving business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The Division/Department Head of each core business segment is accountable for the conduct and performance of such segment within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

The relevant executive Directors and senior management are delegated with respective levels of authorities with regard to key corporate strategy and policy and contractual commitments.

Throughout the Reporting Period, the Company complied with the code provisions on internal controls as stipulated in the CG Code. In particular, during the Reporting Period under review, the Board engaged an external consulting firm to perform internal control review on major business operations of the Group. The external consultants evaluated the internal control system and studied also risks and mitigation strategies. An internal control review report with the relevant findings and recommendations was prepared to the Board. Meanwhile, the risks identified during the review exercise together with the respective ratings, existing situations and mitigating plans were all reported to the Board. Accordingly, the Board is of the view that the systems of internal control and risk management are effective and adequate and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control and risk management systems.

Based on the report from external consultant, the Board, in conjunction with the Audit Committee, annually assessed and reviewed the effectiveness of the internal control systems and procedures and considered the adequacy of resources and financial reporting function. As such, the Group currently does not have an internal audit department. The Board will review and consider establishing such department as and when it thinks necessary.

COMMUNICATION WITH SHAREHOLDERS

The Company actively promotes effective communications with shareholders and investors. Shareholders are encouraged to attend the general meetings. The notice of annual general meeting of the Company (the "AGM") is distributed to all shareholders at least 21 clear days and not less than 20 clear business days prior to the AGM. Notices were sent to shareholders at least 10 clear business days for all other general meetings. The chairman of all general meetings conducts voting only after having confirmed with shareholders that they have no problem about the procedures of the voting by poll.

In line with the practice of the Company, in respect of each issue to be considered at the AGMs and/or special general meetings of the Company (the "SGMs"), including the re-election of Directors, a separate resolution will be proposed by the chairman of the meeting.

In accordance with the code provision E.1.2 as set out in the CG Code, the chairman of the Board has attended the AGM held during the Reporting Period. The Company's auditor has also attended the AGM held during the Reporting Period.

Certain independent non-executive Directors, at the time when the general meetings were held during the Reporting Period, had other business engagements and thus, were not able to attend most general meetings held during the Reporting Period. In this regard, the compliance officer had reminded the relevant independent non-executive Directors as well as the current independent non-executive Directors to attend general meetings of the Company in future, for compliance of code provision A.6.7 as set out in the CG Code.

Participation of individual Directors at general meetings during the Reporting Period is as follows:

	AGM	**SGM**
Number of meeting	1	3
	Number of attendance (Attended/Eligible to attend)	**Number of attendance (Attended/Eligible to attend)**
Executive Directors		
Mr. Wang Jinhan *(Chairman)* (appointed on 6 November 2019)	0/0	1/2
Mr. Wang Hongtao	1/1	1/3
Mr. Zhou Wenjun (appointed on 11 December 2019)	0/0	1/2
Mr. Wang Jiankun (appointed on 1 October 2020)	0/0	1/1
Mr. Hung Tat Chi Alan (appointed on 28 January 2021)	0/0	1/1
Mr. Chow Yik (resigned on 1 October 2020)	1/1	2/2
Independent non-executive directors		
Mr. Ng Chi Ho Dennis	1/1	3/3
Mr. Li Chun Sing (appointed on 15 May 2020)	0/0	1/2
Mr. Lee Cheung Yuet Horace (appointed on 1 September 2020)	0/0	1/1
Mr. Chung Shu Kun Christopher (resigned on 15 May 2020)	0/1	0/2
Ms. Chan Sin Wa Carrie (resigned on 1 September 2020)	1/1	0/2
Mr. Wang Rongqian (resigned on 1 September 2020)	0/0	0/2

Designated executive Director(s) and senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner. Investors may write directly to the Company at its principal place of business in Hong Kong for any queries.

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

Rights to convene special general meeting (the "SGM")

In accordance with Company's Article 58, shareholders holding at the date of deposit of the requisition of not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves or any of them representing more than one half of the total voting rights of all of them, may themselves convene the general meeting, but any meeting so convened shall not be held after the expiration of three months after the date of deposit of the requisition.

Putting forward proposals at AGM or SGM

The number of shareholders necessary for putting forward a proposal at the AGM or SGM shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

Communications with shareholders and investors

The Directors recognise the importance of long-term support from the shareholders of the Company. The Company attaches great priority to establish effective communication with its shareholders and investors. In an effort to enhance such communications, the Company provides information relating to the Company and its business in its annual report and also disseminates such information electronically through its website at www.tricor.com.hk/webservice/08109.

VOTING BY POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the forthcoming AGM of the Company will be.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there had been no significant change in the Company's constitutional documents. The memorandum of association and bye-laws of the Company are available on the websites of the Stock Exchange and the Company.

Jonten Hopkins CPA Limited
中天運浩勤會計師事務所有限公司

Independent Auditor's Report to the Members of:
Kirin Group Holdings Limited
(Incorporated in Bermuda with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Kirin Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 37 to 125, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the eighteen months ended 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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.

Key Audit Matters

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

Key audit matters identified in our audit relates to estimated provision of expected credit losses for loan and interest receivables.

Key Audit Matter	*How our Audit Addressed the Key Audit Matter*
Estimated provision of expected credit losses for loan and interest receivables	
Refer to note 4 (Critical accounting judgements and key sources of estimation uncertainty), note 23 (Loan receivables) and note 25 (Interest receivables) to the consolidated financial statements. As at 31 December 2020, the Group's net carrying amount of loan and interest receivables amounted to approximately HK$186,866,000 and HK$23,978,000 respectively. Loss allowance for loan and interest receivables under the expected credit loss ("ECL") amounted to approximately HK$33,999,000 and HK$3,407,000, respectively. Management assessed the loss allowance for loan and interest receivables based on the estimation of ECL using a provision matrix. In developing the loss allowance of loan and interest receivables, management use judgement in making the assumptions about the probability of default and loss given default with reference to the historical settlement of loans portfolio, credit assessment of customers and current and forward-looking information on macroeconomic factors. We focused on this area because the carrying value of loan and interest receivables is significant to the consolidated financial statements and the management's estimated provision of expected credit losses for loan and interest receivables require the use of significant judgement and estimation.	Our audit procedures in relation to the management's impairment assessment of loan and interest receivables included: – Understanding, evaluating and validating the internal controls over the estimated provision of expected credit losses for loan and interest receivables that relate to management's identification of events that triggered the provision for impairment of loan and interest receivables and estimation of the amount of provisions; – Carrying out procedures, on a sample basis, to test the accuracy of the aging of loan and interest receivables as at the end of the reporting period; – Involving the valuation specialist to review the valuation methodology and approach adopted by management in the ECL assessment; – Evaluating the reasonableness of management's determination of allowance for credit losses for credit impaired loan and interest receivables with reference to the historical settlement experience, subsequent settlements, future expected settlement plan and credit assessment of customers; and – Re-performing management's calculation of loss allowance under ECL model which grouped together all the receivables with similar risk characteristics and based on the probability of default, exposure at default and loss given default.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Lo Shung Chi.

Jonten Hopkins CPA Limited
Certified Public Accountants
Lo Shung Chi
Practising certificate number: P06688

Hong Kong
26 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 31 December 2020

	Notes	**For the eighteen months ended 31 December 2020** *HK$'000*	For the year ended 30 June 2019 *HK$'000*
Continuing operations			
Revenue	*5*	**69,175**	97,309
Cost of sales and services		**(31,496)**	(67,282)
Other income	*7a*	**2,091**	67
Other gain and losses	*7b*	**301**	(2)
Distribution costs		**(826)**	(8,489)
Administrative expenses		**(48,232)**	(38,711)
Impairment loss on property, plant and equipment	*16*	**(241)**	(10)
Impairment loss on interest in an associate	*21*	**–**	(2,617)
Impairment loss on loan receivables	*23*	**(23,981)**	(4,802)
Impairment loss on trade and other receivables	*25*	**(3,181)**	(841)
Impairment loss on deposit paid		**(351)**	(335)
Impairment loss on goodwill	*18*	**(2,842)**	–
Share of result of an associate	*21*	**–**	394
Loss on disposal of interest in an associate, net	*35*	**(33)**	–
Finance costs	*8*	**(48,690)**	(33,156)
Loss before taxation from continuing operations	*9*	**(88,306)**	(58,475)
Taxation	*10*	**(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	*11*	**(533)**	10,269
Loss for the period/year		**(90,407)**	(49,249)
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	*13*	**(350)**	489
Release of translation reserve upon disposal of subsidiaries	*35*	**435**	(793)
Other comprehensive income (expense) for the period/year		**85**	(304)
Total comprehensive expense for the period/year		**(90,322)**	(49,553)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 31 December 2020

	Notes	**For the eighteen months ended 31 December 2020** *HK$'000*	For the year ended 30 June 2019 *HK$'000*
Loss for the period/year attributable to:			
– Equity shareholders of the Company		**(86,650)**	(46,416)
– Non-controlling interests		**(3,757)**	(2,833)
		(90,407)	(49,249)
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
		(86,565)	(46,720)
– Non-controlling interests			
– continuing operations		**(3,757)**	(2,833)
		(90,322)	(49,553)
Loss per share	*15*		
From continuing and discontinued operations			
Basic		**(34.94) cents**	(20.94) cents
Diluted		**(34.94) cents**	(20.94) cents
From continuing operations			
Basic		**(34.72) cents**	(25.66) cents
Diluted		**(34.72) cents**	(25.66) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 HK$'000	30 June 2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	–	3,885
Prepaid lease payment	17	–	2,322
Goodwill	18	–	2,842
Right-of-use assets	19	**1,543**	–
Intangible assets	20	**69,615**	–
Interest in an associate	21	–	4,550
		71,158	13,599
CURRENT ASSETS			
Prepaid lease payment	17	–	117
Loan receivables	23	**186,866**	292,790
Consideration receivables	24	–	3,500
Trade and other receivables	25	**72,755**	45,050
Cash and bank balances	26	**7,405**	11,540
Total current assets		**267,026**	352,997
CURRENT LIABILITIES			
Trade and other payables	27	**65,624**	60,678
Contract liabilities	28	**6,126**	–
Obligations under finance leases	29	–	15
Lease liabilities	30	**1,147**	–
Corporate bonds	31	**231,509**	201,156
Current tax payable		**2,563**	1,068
Total current liabilities		**306,969**	262,917
NET CURRENT (LIABILITIES) ASSETS		**(39,943)**	90,080
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,215**	103,679

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	31 December 2020 HK$'000	30 June 2019 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*30*	**590**	–
Corporate bonds	*31*	**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	*33*	**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

The consolidated financial statements on pages 37 to 125 were approved and authorised for issue by the Board of directors on 26 March 2021 and are signed on its behalf by:

Wang Jinhan
Chairman

Hung Tat Chi Alan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the eighteen months ended 31 December 2020

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Contributed Surplus	Translation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2018	221,684	313,576	–	219	30	(388,897)	146,612	(3,006)	143,606
Loss for the year	–	–	–	–	–	(46,416)	(46,416)	(2,833)	(49,249)
Disposal of a subsidiary	–	–	–	–	–	–	–	(7,201)	(7,201)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	489	–	–	489	–	489
Release of translation reserve upon disposal of subsidiaries	–	–	–	(793)	–	–	(793)	–	(793)
Total comprehensive expense for the year	–	–	–	(304)	–	(46,416)	(46,720)	(10,034)	(56,754)
Cancellation of paid-up capital *(Note 33(b))*	(220,576)	–	220,576	–	–	–	–	–	–
Reduction of share premium and transfer to contributed surplus *(Note 33(d))*	–	(313,576)	313,576	–	–	–	–	–	–
At 30 June 2019 and 1 July 2019	1,108	–	534,152	(85)	30	(435,313)	99,892	(13,040)	86,852
Issue of ordinary share									
– upon fully conversion of Convertible Bonds *(Note 33(e))*	76	5,484	–	–	–	–	5,560	–	5,560
– upon completion of Placing *(Note 33(f))*	134	7,666	–	–	–	–	7,800	–	7,800
– upon completion of Subscriptions *(Note 33(g))*	80	4,257	–	–	–	–	4,337	–	4,337
Loss for the period	–	–	–	–	–	(86,650)	(86,650)	(3,757)	(90,407)
Exchange difference arising from translation of financial statements of foreign operations	–	–	–	(350)	–	–	(350)	–	(350)
Release of translation reserve upon disposal of subsidiaries	–	–	–	435	–	–	435	–	435
Total comprehensive income (expenses) for the period	–	–	–	85	–	(86,650)	(86,565)	(3,757)	(90,322)
At 31 December 2020	1,398	17,407	534,152	–	30	(521,963)	31,024	(16,797)	14,227

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen months ended 31 December 2020

	Notes	For the eighteen months ended 31 December 2020 HK$'000	For the year ended 30 June 2019 HK$'000
Operating activities			
(Loss) profit before taxation			
– From continuing operations		**(88,306)**	(58,475)
– From discontinued operations		**(533)**	10,269
Adjustments for:			
Interest income	*7a*	**(2)**	–
Finance costs	*8*	**48,690**	33,156
Depreciation of property, plant and equipment	*16*	**125**	891
Depreciation of right-of-use assets	*19*	**5,093**	–
Amortisation of intangible assets	*20*	**585**	760
Amortisation of prepaid lease payment	*17*	**21**	126
Gain on lease modification		**(134)**	–
Loss (gain) on disposal of subsidiaries	*35*	**464**	(7,320)
Share of results of interest in associates	*21*	**–**	(394)
Impairment loss on property, plant and equipment	*16*	**241**	10
Impairment loss on deposits paid		**351**	335
Impairment loss on goodwill	*18*	**2,842**	–
Impairment loss on interest in an associate	*21*	**–**	2,617
Impairment loss on loan receivables	*23*	**23,981**	4,802
Impairment loss on trade and other receivables	*25*	**3,181**	841
Operating cash flows before changes in working capital		**(3,401)**	(12,382)
Increase in trade and other receivables		**(31,237)**	(23,762)
Decrease (increase) in loan receivables		**81,943**	(15,038)
(Decrease) increase in trade and other payables		**(1,159)**	25,167
Increase in contract liabilities		**6,126**	–
Cash used in operations		**52,272**	(26,015)
Tax paid		**(73)**	(1,147)
Net cash used in operating activities		**52,199**	(27,162)
Investing activities			
Interest received		**2**	–
Purchase of intangible assets		**(70,200)**	–
Purchase of property, plant and equipment	*16*	**(281)**	(15)
Net cash inflow from disposal of subsidiaries	*35*	**4,074**	7,279
Net cash (used in) generated from investing activities		**(66,405)**	7,264

CONSOLIDATED STATEMENT OF CASH FLOWS

For the eighteen months ended 31 December 2020

	Notes	For the eighteen months ended 31 December 2020 HK$'000	For the year ended 30 June 2019 HK$'000
Financing activities			
Proceeds from new borrowings		**–**	2,000
Repayment of borrowings		**–**	(2,000)
Repayment of lease liabilities		**(5,517)**	–
Repayment of finance leases		**(15)**	(465)
Interest paid		**(14,790)**	(14,937)
Proceeds from issue of shares	*33*	**18,467**	–
Shares issue expenses	*33*	**(770)**	–
Proceeds from issue of corporate bonds	*31*	**97,454**	120,789
Expense on issue of corporate bonds	*31*	**(13,566)**	(17,661)
Repayment of corporate bonds	*31*	**(70,952)**	(67,546)
Net cash generated from financing activities		**10,311**	20,180
Net (decrease) increase in cash and cash equivalents		**(3,895)**	282
Effect of change in foreign exchange rate		**(240)**	822
Cash and cash equivalents at the beginning of the year		**11,540**	10,436
Cash and cash equivalents at the end of the period/year		**7,405**	11,540
Analysis of balances of cash and cash equivalents			
Cash and bank balances as stated in the consolidated statement of financial position		**7,405**	11,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2020

1. GENERAL INFORMATION

Kirin Group Holdings Limited (the "Company") is a public limited company domiciled and incorporated in Bermuda and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.. The principal activities of its subsidiaries are set out in note 45.

Change of financial year end date

On 19 June 2020, the board of directors (the "Board") of the Company 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.

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

New and amendments to HKFRSs that are mandatorily effective for the current period (*continued*)

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.

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

New and amendments to HKFRSs that are mandatorily effective for the current period (*continued*)

HKFRS 16 "Leases" (continued)

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
	HK$'000
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**
	HK$	*HK$*	*HK$*
Non-current asset			
Right-of-use assets	–	2,467	2,467
Current liability			
Lease liabilities	–	2,467	2,467

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

New and amendments to HKFRSs that are mandatorily effective for the current period (*continued*)

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 of 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.

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

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 OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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 of the on dollar-for-dollar basis as detailed in note 46;

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

During the eighteen months ended 31 December 2020, two agreement 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Basis of preparation (*continued*)

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.

The consolidated financial statements have been prepared under the historical cost convention.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The significant accounting policies are set out below.

Basis of consolidation

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Basis of consolidation (*continued*)

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including reattribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and, (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

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

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

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the shorter of useful lives or lease terms
Furniture and fixtures	2–5 years
Motor vehicles	4–5 years
Plant and machinery	3–10 years

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise. If not, the expenditure is treated as an expense in the period in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Intangible assets

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Interest in an associate

An associate is an entity in which the Group has a significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKFRS 9/HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generated unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and bank balances in the consolidated statement of financial position comprise cash at banks and on hand with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue from contracts with customers

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

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

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

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

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

Principal versus agent

When another party is involved in providing goods or services to a customer, the Groups determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Groups are principals) or to arrange for those goods or services to be provided by the other party (i.e. the Groups are agents).

The Groups are principals if the Groups control the specified good or service before that good or service is transferred to a customer.

The Groups are agents if the Groups' performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Groups do not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Groups act as agents, the Groups recognise revenue in the amount of any fee or commission to which the Groups expect to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Groups assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Groups as lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

Refundable rental deposits

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Leases *(continued)*

The Groups as lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Leases (prior to 1 July 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payment" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Borrowing costs

Borrowing costs directly attributable to the acquisition or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits scheme

Payments to defined contribution retirement benefit plans, the Mandatory Provident Fund ("MPF") Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

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

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Taxation

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

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

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

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

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

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

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Taxation *(continued)*

The determination of the average tax rates requires an estimation of (1) when the existing temporary differences will reverse and (2) the amount of future taxable income in those years. The estimate of future taxable income includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

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

Current and deferred taxation are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including loan receivables, trade and other receivables and cash and bank balance). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively by using a provision matrix, grouped by past due status.

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

(i) Significant increase in credit risk

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on past due status.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Financial instruments *(continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, lease liabilities, corporate bonds and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised by applying an effective interest rate, except for short-term payables where the recognition of interest would be immaterial.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

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

Current and deferred income taxes

Significant judgement is required in determining the provision for the income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current deferred income tax assets and liabilities in the year in which such determination is made.

Key sources of estimate uncertainty

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

Estimated provision of ECL for loan and interest receivables

The Group uses provision matrix to calculate ECLs for loan and interest receivables. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, loan and interest receivables with significant balances and credit impaired are assessed for ECL individually with reference to the historical settlement experience, subsequent settlements, future expected settlement plan, business relationship with the customers and credit assessment of customers.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan and interest receivables are disclosed in Notes 40(B)(b), 23 and 25 respectively.

5. REVENUE

For the eighteen months ended 31 December 2020

Disaggregation of revenue from contracts with customers and interest income

	Insurance brokerage and related service HK$'000	Money lending service HK$'000	Asset management and securities brokerage service HK$'000	Multi-channel network ("MCN") entertainment business HK$'000	Consolidated HK$'000
Type of services					
Provision of insurance brokerage and related service	37,857	–	–	–	37,857
Provision asset management and securities brokerage service	–	–	7,558	–	7,558
Provision of services *(note a)*	37,857	–	7,558	–	45,415
Interest income	–	23,607	–	–	23,607
Royalties income *(note b)*	–	–	–	153	153
Total	37,857	23,607	7,558	153	69,175

Notes:

A. Both provision of services are recognised at a point in time.

B. Royalties income is recognised over time, the transaction price allocated to this is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

5. REVENUE (*continued*)

For the year ended 30 June 2019

Disaggregation of revenue from contracts with customers and interest income

	Insurance brokerage and related service	Money lending service	Asset management and securities brokerage service	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Type of services				
Provision of insurance brokerage and related service	74,209	–	–	74,209
Provision asset management and securities brokerage service	–	–	4,688	4,688
Provision of services *(note)*	74,209	–	4,688	78,897
Interest income	–	18,412	–	18,412
Total	74,209	18,412	4,688	97,309

Note: Both provision of services are recognised at a point in time.

6. 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 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 liverstocks 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, which is described in further details under Note 11 to these consolidated financial statements.

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, which is described in further details under Note 11 to these consolidated financial statements.

Segment Information

The Group started to conduct its MCN entertainment services business since by the end 2020 after it entered into cooperation agreements with two distributors to which are authorized to broadcast those episodes and films that the Company obtained the licenses on the distributors' oversea platforms and multi-channel networks.

6. SEGMENT INFORMATION (*continued*)

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 service	Money lending service	Asset management and securities brokerage service	MCN Entertainment business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE					
Revenue from external customers	**37,857**	**23,607**	**7,558**	**153**	**69,175**
Inter-segment revenue	**16,537**	**–**	**–**	**–**	**16,537**
Reportable segment revenue	**54,394**	**23,607**	**7,558**	**153**	**85,712**

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	(14,383)	(11,420)	4,998	(1,031)	(21,836)
Unallocated corporate expenses					(17,780)
Finance costs					(48,690)
Loss before taxation					(88,306)

6. SEGMENT INFORMATION (*continued*)

Segment revenue and results *(continued)*

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

	Insurance brokerage and related service *HK$'000*	Money lending service *HK$'000*	Asset management and securities brokerage service *HK$'000*	Consolidated *HK$'000*
REVENUE				
Revenue from external customers	74,209	18,412	4,688	97,309
Inter-segment revenue	19,195	–	–	19,195
Reportable segment revenue	93,404	18,412	4,688	116,504

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	(11,346)	12,619	2,483	3,756
Unallocated corporate expenses				(29,469)
Share of result of an associate				394
Finance costs				(33,156)
Loss before taxation				(58,475)

6. SEGMENT INFORMATION (*continued*)

Segment assets and liabilities

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

	Insurance brokerage and related service	Asset management and securities brokerage service	Money lending service	MCN Entertainment business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	4,744	1,527	244,104	75,115	325,490
Unallocated corporate assets					12,694
Consolidated total assets					338,184
LIABILITIES					
Segment liabilities	32,240	728	1,190	5,347	39,505
Unallocated corporate liabilities					284,452
Consolidated total liabilities					323,957
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

6. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

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

	Insurance brokerage and related service *HK$'000*	Asset management and securities brokerage service *HK$'000*	Money lending service *HK$'000*	Sales of liverstocks *HK$'000*	Consolidated *HK$'000*
ASSETS					
Segment assets	14,671	62	325,443	6,322	346,498
Unallocated corporate assets					20,098
Consolidated total assets					366,596
LIABILITIES					
Segment liabilities	32,357	2,777	1,058	782	36,974
Unallocated corporate liabilities					242,770
Consolidated total liabilities					279,744
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

6. SEGMENT INFORMATION (*continued*)

Segment assets and liabilities *(continued)*

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	For the year ended 30 June 2019	**31 December 2020**	30 June 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**–**	–	**–**	6,205
Hong Kong	**69,175**	97,309	**–**	2,844

6. SEGMENT INFORMATION (*continued*)

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	For the year ended 30 June 2019
	HK$'000	*HK$'000*
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
	30,006	66,651

7a. OTHER INCOME

Continuing operations

	For the eighteen months ended 31 December 2020 *HK$'000*	For the year ended 30 June 2019 *HK$'000*
Sundry income	**318**	67
Interest income	**2**	–
Government Subsidy	**1,771**	–
	2,091	67

7b. OTHER GAINS AND LOSSES

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

8. FINANCE COSTS

Continuing operations

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

9. 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	For the year ended 30 June 2019
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
– Salaries and other benefits	**18,735**	21,483
– Retirement benefits scheme contributions	**644**	755
	19,379	22,238
Amortisation of intangible assets	**585**	–
Amortisation of prepaid lease payment *(note 17)*	**–**	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

10. TAXATION

	For the eighteen months ended 31 December 2020	For the year ended 30 June 2019
	HK$'000	*HK$'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

10. TAXATION (*continued*)

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	For the year ended 30 June 2019
	HK$'000	*HK$'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.

11. DISCONTINUED OPERATIONS

(a) On 16 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interests in its subsidiary, Cyber Leader Holdings Limited ("Cyber Leader"), which carried out all of the Group's sales of livestocks business. The disposal was completed on 16 September 2019 and the business of sales of livestocks was passed to the acquirer. Its results are presented in these consolidated financial statements as discontinued operations.

Loss for the period/year from the discontinued operations is analysed as follows:

	From 1 July 2019 to 31 August 2019 ***HK$'000***	Year ended 30 June 2019 *HK$'000*
Loss for the period/year	**(102)**	(621)
Loss on disposal of Cyber Leader *(Note 35(a))*	**(431)**	–
	(533)	(621)

The results of the business of sales of livestocks for the period from 1 July 2019 to 31 August 2019, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	From 1 July 2019 to 31 August 2019 ***HK$'000***	Year ended 30 June 2019 *HK$'000*
Deprecation	**(81)**	(495)
Amortisation	**(21)**	(126)
Loss for the period/year from the discontinued operations	**(102)**	(621)

11. DISCONTINUED OPERATIONS (*continued*)

(b) On 27 December 2018, the Group entered into a sale and purchase agreement with an independent third party to dispose of the entire equity interests in its subsidiary, Red Rabbit Technology Inc. ("Red Rabbit"), which carried out all of the Group's information technology service ("Information Technology"). The disposal was completed on 31 December 2018, on which date control of the operations of Information Technology was passed to the acquirer. Its results are presented in these consolidated financial statements as discontinued operations.

The results of the business of Information Technology for the period from 1 July 2018 to 31 December 2018, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 July 2018 to 31 December 2018 *HK$'000*
Revenue	5,967
Cost of sales	(1,200)
Distribution costs	(75)
Administrative and other expenses	(1,445)
Profit before taxation from discontinued operations	3,247
Taxation	(298)
Profit after taxation from discontinued operations	2,949
Gain on disposal of subsidiaries after taxation *(note 35(c))*	7,320
Profit for the period from discontinued operations	10,269
Profit for the period from discontinued operation include the following:	
Amortisation	760
Depreciation	383
Other comprehensive income for the period from discontinued operation	
Exchange difference on translation of discontinued operation	748
The cash flow of the discontinued operation are as follows:	
Net cash outflow from operating activities	(196)
Total cash outflow	(196)

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 11 (Year ended 30 June 2019: 8) directors of the Company are as follows:

	Directors' fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Name of Directors				
For the eighteen months ended 31 December 2020				
Executive Directors:				
Wang Jinhan (i)	–	140	–	140
Wang Hongtao	–	360	–	360
Zhou Wenjun (i)	–	130	–	130
Wang Jiankun (i)	–	40	–	40
Chow Yik (i)	–	9	10	19
Independent Non-Executive Directors:				
Ng Chi Ho, Dennis	180	–	–	180
Li Chun Sing (ii)	75	–	–	75
Lee Cheung Yuet, Horace (ii)	40	–	–	40
Chan Sin Wa Carrie (ii)	140	–	–	140
Chung Shu Kun Christopher (ii)	100	–	–	100
Wang Rongqian (ii)	140	–	–	140
Total	675	679	10	1,364

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (*continued*)

(a) Directors' emoluments *(continued)*

	Directors' fees *HK$'000*	Salaries and allowances *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Name of Directors				
Year ended 30 June 2019				
Executive Directors:				
Chow Yik (i)	–	1,320	18	1,338
Leung King Fai	–	560	12	572
Ma Jun	–	120	–	120
Wang Hongtao	–	40	–	40
Independent Non-Executive Directors:				
Ng Chi Ho, Dennis	120	–	–	120
Chan Sin Wa Carrie (ii)	120	–	–	120
Chung Shu Kun Christopher (ii)	120	–	–	120
Wang Rongqian (ii)	30	–	–	30
Total	390	2,040	30	2,460

During the eighteen months, compensation of key management personnel represents remuneration to directors as set out above. For the year ended 30 June 2019, total compensations to key management personnel comprises remuneration to directors and a member of key management personnel, consisting of short-term employee benefits and post-employment benefits with aggregate amounts of approximately HK$3,241,500 and HK$37,650 respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

Notes:

(i) Mr. Wang Jinhan, Mr. Zhou Wenjun and Mr. Wang Jiankun were appointed as executive directors of the Company on 6 November 2019, 11 December 2019 and 1 October 2020 respectively. Mr. Chow Yik ceased to be the executive director of the Company on 1 October 2020. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

(ii) Mr. Li Chun Sing and Mr. Lee Cheung Yuet, Horace were appointed as non-executive directors of the Company on 15 May 2020 and 1 September 2020 respectively. Mr. Chung Shu Kun, Christopher, Mr. Chan Sin Wa Carrie and Mr. Wang Rongqian ceased to be the non-executive directors of the Company on 15 May 2020, 1 September 2020 and 1 September 2020 respectively. The non-executive director's emoluments shown above were for their services as directors of the Company.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (*continued*)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, none (Year ended 30 June 2019: one) was the director of the Company whose emoluments were included in note (a) above. The emoluments of five (Year ended 30 June 2019: four) individuals were as follows:

	For the eighteen months ended 31 December 2020 *HK$'000*	For the year ended 30 June 2019 *HK$'000*
Salaries, allowances and benefits in kind	**6,703**	4,937
Retirement benefits scheme contributions	**129**	72
	6,832	5,009

The number of employees whose emoluments fall within the following band was as follows:

	For the eighteen months ended 31 December 2020 *HK$'000*	For the year ended 30 June 2019 *HK$'000*
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**3**	1
HK$1,500,001 to HK$2,000,000	**1**	1

For the eighteen ended 31 December 2020 and the year ended 30 June 2019, no emoluments were paid by the Group to these five highest paid individuals, and the directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments.

13. DISCLOSURE OF TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

No disclosure of tax effects have been made as there were no tax benefits or tax expenses relating to the components of other comprehensive income during the eighteen months ended 31 December 2020 and the year ended 30 June 2019.

14. 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).

15. 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 *Cents per share*	For the year ended 30 June 2019 *Cents per share*
From continuing operations	**(34.72)**	(25.66)
From discontinued operations	**(0.22)**	4.72
	(34.94)	(20.94)

Reconciliations of loss used in calculating loss per share

	For the eighteen months ended 31 December 2020 *HK$'000*	For the year ended 30 June 2019 *HK$'000*
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
Loss for the period attributable to the owners of the Company	**(86,650)**	(46,616)
Weighted average number of ordinary shares for in issue	**248,006,232**	221,684,269

Weighted average number of ordinary shares

As described in notes 33(e), 33(f) and 33(g), 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Plant and machinery *HK$'000*	Piggeries *HK$'000*	Total *HK$'000*
Cost						
At 1 July 2018	7,416	756	164	2,857	5,100	16,293
Currency realignment	–	2	–	–	(198)	(196)
Additions	–	–	–	15	–	15
Disposal of subsidiaries	(3,642)	(2)	–	–	–	(3,644)
At 30 June 2019	3,774	756	164	2,872	4,902	12,468
Currency realignment	–	–	–	–	(66)	(66)
Additions	170	–	–	111	–	281
Disposal of subsidiaries *(note 35(a))*	–	–	–	–	(4,836)	(4,836)
Eliminated on disposal	(3,102)	(484)	–	(1,081)	–	(4,667)
At 31 December 2020	842	272	164	1,902	–	3,180
Accumulated depreciation and impairment loss						
At 1 July 2018	7,024	744	164	2,857	510	11,299
Currency realignment	9	2	–	–	16	27
Charge for the year	383	8	–	5	495	891
Disposal of subsidiaries	(3,642)	(2)	–	–	–	(3,644)
Impairment loss for the year *(note A)*	–	–	–	10	–	10
At 30 June 2019	3,774	752	164	2,872	1,021	8,583
Currency realignment	–	–	–	–	(54)	(54)
Charge for the year	28	4	–	12	81	125
Disposal of subsidiaries *(note 35(a))*	–	–	–	–	(1,048)	(1,048)
Eliminated on disposal	(3,102)	(484)	–	(1,081)	–	(4,667)
Impairment loss for the period *(note A)*	142	–	–	99	–	241
At 31 December 2020	842	272	164	1,902	–	3,180
Carrying values						
At 31 December 2020	–	–	–	–	–	–
At 30 June 2019	–	4	–	–	3,881	3,885

A: During the eighteen months ended 31 December 2020, the directors reviewed and examined the current operations of the Group and considered the recoverable amount of certain property, plant and equipment from its insurance brokerage and related business and information technology service is minimal. Accordingly, an aggregate amount of full impairment loss of approximately HK$241,000 (year ended 30 June 2019: HK$10,000) is recognised in these consolidated financial statements.

17. PREPAID LEASE PAYMENT

The Group's prepaid lease payment comprises:

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Balance b/f	**2,439**	2,675
Currency realignment	**(98)**	(110)
Amortisation	**(21)**	(126)
Disposal of subsidiary *(note 35(a))*	**(2,320)**	–
Balance c/f	**–**	2,439
Analysed for reporting purposes as:		
Non-current assets	**–**	2,322
Current assets	**–**	117
	–	2,439

18. GOODWILL

	HK$'000
Cost	
At 30 June 2018, 30 June 2019 and 31 December 2020	39,256
Accumulated impairment losses	
At 30 June 2018 and 2019	36,414
Impairment loss for the period	2,842
At 31 December 2020	39,256
Net book value	
At 31 December 2020	–
At 30 June 2019	2,842

In view of the continuous loss-making financial performance of the money lending business and the increase in market competition and operating expenses which affect adversely the future growth and profits of the Group, the directors of the Company concluded that the goodwill arising from the acquisition of the money lending business should be impaired in full during the eighteen months ended 31 December 2020, amounted to HK$2,842,000.

19. RIGHT-TO-USE ASSETS

	Leased properties HK$'000
At 1 July 2019	
Carrying amount	**2,467**
At 31 December 2020	
Carrying amount	**1,543**
For the eighteen months ended 31 December 2020	
Depreciation	**5,093**
Additions to right-of use assets	**4,169**
Total cash outflow for lease	**5,517**

For both period/years, the Group leases office for its operations. Lease contract is entered into for fixed term of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

20. INTANGIBLE ASSETS

	HK$'000
Cost	
Additions	**70,200**
Accummulated amortisation	**–**
Charge for the period	**(585)**
At 31 December 2020	**69,615**

21. INTEREST IN AN ASSOCIATE

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Cost of investment in an unlisted associate	**4,700**	4,700
Share of post-acquisition profits	**2,467**	2,467
Less: disposal *(Note 35(b))*	**(4,550)**	–
Less: impairment loss	**(2,617)**	(2,617)
	–	4,550

On 16 September 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire interests in Aritza Holdings Limited ("Aritza"), an immediate holding company of One PR Limited, at a consideration of HK$4,500,000. The disposal was completed on 16 September 2019 on which date the Group ceased to have any interest in an associate.

Set out below are the particulars of the associate as at 31 December 2020.

Name of Company	Form of entity	Place of incorporation and principal of business	Particulars of issued and paid up capital	Percentage of nominal value of issued capital and held by the Group		Principal activities
				31 December 2020	30 June 2019	
One PR Limited	Limited by shares company	Hong Kong	10,000 ordinary shares	**–**	40%	Financial marketing and event promotion

The summary financial information in respect of the Group's interest in an associate which is accounted for using the equity method is set out below:

	30 June 2019
	HK$'000
	(Audited)
Current assets	7,492
Current liabilities	1,196

21. INTEREST IN AN ASSOCIATE (*continued*)

	1 July 2018 to 30 June 2019 *HK$'000*
Revenue	1,000
Profit and other comprehensive income for the period	985
Total comprehensive income	985
Group's share of profit and other comprehensive income of an associate for the period	394

There was no dividend received from the associate during the eighteen months ended 31 December 2020 (Year ended 30 June 2019: HK$Nil).

22. INTEREST IN A JOINT VENTURE

On 7 July 2016, the Group entered into a joint venture agreement with Zhongjun Investment Management (Hong Kong) Company Limited for the establishment of a joint venture company (the "JV Company"), with total amount of capital to be contributed by the Group of HK$5,000,000. The JV Company shall provide China veterans and their family members with not less than fifty thousand places of study tours for five specific subjects which are investment, medical benefits, retirement protection, business startup and wealth creation, and training. The JV Company shall also facilitate Hong Kong investors to make investment that are beneficial to the employment of veterans in China.

As of year ended 30 June 2019, the Group has not contributed any capital into the JV Company. The JV Company remained inactive and therefore, no share of results was accounted for in these consolidated financial statements. Summarised financial information of the JV Company was also not disclosed as the results and financial information of the JV Company has minimal effect on the consolidated financial statements of the Group.

The joint venture agreement has been terminated in July 2019.

23. LOAN RECEIVABLES

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
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	**Lifetime ECL (not credit-impaired)**	**Lifetime ECL (credit-impaired)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
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 *(Note (1))*	–	(9,990)	9,990	–
– Impairment losses recognised	–	–	22,711	22,711
– Written-off *(Note (2))*	–	–	(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

23. LOAN RECEIVABLES (*continued*)

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	30 June 2019
	HK$'000	*HK$'000*
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). Details of impairment assessment of loan receivables are set out in note 40.

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.

24. CONSIDERATION RECEIVABLES

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Consideration receivables in respect of:		
Disposal of Reb Rabbit *(note 35(c))*	**–**	3,500

25. TRADE AND OTHER RECEIVABLES

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
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
Prepayment, 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	30 June 2019	**31 December 2020**	30 June 2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
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

25. TRADE AND OTHER RECEIVABLES (*continued*)

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

	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.

	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.

26. CASH AND CASH EQUIVALENTS

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Cash and bank balances and cash and cash equivalents as stated in the consolidated statement of cash flows	**7,405**	11,540

Included in the cash and bank balances, an amount of approximately HK$640,000 (year ended 30 June 2019: HK$2,773,000 arised from segregated bank balances which represented money deposited by clients in the course of its insurance brokerage and securities brokerage businesses. The Group has recognised the corresponding accounts payable to respective clients.

27. TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Trade payables	**6,175**	36,361
Other payables and accruals *(note)*	**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	30 June 2019
	HK$'000	*HK$'000*
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).

28. CONTRACT LIABILITIES

	31 December 2020
	HK$'000
Advisory income	779
Royalties income	5,347
	6,126
Current	2,612
Non-current	3,514
	6,126

The contract liabilities primarily related to advance consideration received from the customers for the provision of asset management and securities brokerage services and MCN entertainment business, for which revenue is recognised when the services have been rendered.

29. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments 30 June 2019 *HK$'000*	Present value of minimum lease payments 30 June 2019 *HK$'000*
Amounts payable under finance leases:		
Not later than one year	15	15
Later than one year and not later than five years	–	–
	15	15
Less: Future finance charges	–	N/A
Present value of minimum lease payments	15	15
Less: Amount due for settlement within 1 year under current liabilities		(15)
Amount due for settlement after 1 year		–

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease term is expiring from two to three years. Interest is charged at rates ranging from 2% to 12.25% per annum for the year ended 30 June 2019 on the outstanding loan balances. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

30. LEASE LIABILITIES

	HK$'000
Lease liabilities payable:	
Within one year	1,146
More than one year but not exceeding two years	590
	1,736
Less: Amount due for settlement within one year shown under current liabilities	(1,146)
Amount due for settlement after one year shown under non-current liabilities	590

31. CORPORATE BONDS

During the eighteen months ended 31 December 2020, the Company issued 2 months to 18 months (year ended 30 June 2019: 1 month to 24 months) corporate bonds with aggregate principal amounts of HK$97,454,000 (year ended 30 June 2019: HK$120,789,000) to certain independent third parties, net of direct expenses of approximately HK$13,566,000 (year ended 30 June 2019: HK$17,661,000). These corporate bonds carried interest at fixed rates of 2% to 24.5% (year ended 30 June 2019: 3% to 17%) per annum with interest payable monthly or semi-annually in arrears. These corporate bonds are unsecured. The effective interest rates of these corporate bonds are ranging from 2.4% to 36% (year ended 30 June 2019: 2.36% to 36%) per annum.

31. CORPORATE BONDS (*continued*)

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
At 1 July	**217,983**	164,782
Proceeds from issuance of corporate bonds	**97,454**	120,789
Transaction costs for corporate bonds issuance	**(13,566)**	(17,661)
Imputed interest *(note 8)*	**20,988**	17,619
Principal repaid	**(74,952)**	(67,546)
At 31 December 2020 and 30 June 2019	**247,907**	217,983
Carrying amount repayable:		
Overdue	**169,603**	37,873
Within one year	**61,906**	163,283
After one year but within five years	**16,398**	9,470
Over five years	**–**	7,357
	247,907	217,983
Less: Amount shown under current liabilities	**(231,509)**	(201,156)
Amount shown under non-current liabilities	**16,398**	16,827

Details of the Corporate Bonds held by individual over HK$9,000,000 as at 31 December 2020 are as follows:

Bond number	**Subscriber**	**Principal amount**	**Date of issue**
126	Li Jinning	HK$10,000,000	7 December 2016
132	禹雲益	HK$10,000,000	18 January 2017
392	Wei Wen	HK$9,500,000	28 September 2019
421	Chen Erhu	HK$10,300,000	18 January 2020
444	汪武揚	HK$10,000,000	16 August 2020

Details of the Corporate Bonds held by individual over HK$9,000,000 as at 30 June 2019 are as follows:

Bond number	**Subscriber**	**Principal amount**	**Date of issue**
126	Li Jinning	HK$10,000,000	7 December 2016
132	禹雲益	HK$10,000,000	18 January 2017
133B	陳二虎	HK$10,300,000	18 January 2019
203A	汪武揚	HK$10,000,000	18 August 2018
210A	Wei Wen	HK$9,500,000	28 September 2018
276	黃洪滔	HK$10,000,000	6 August 2018
291	Ni Sha	HK$10,000,000	24 September 2018

32. DEFERRED TAXATION

The following are the major components of deferred tax liability recognised by the Group and movements thereon during the current and prior years:

	Fair value adjustment on intangible assets arising from business combination
	HK$'000
At 30 June 2018 and 1 July 2018	171
Disposal of a subsidiary *(note 35(c))*	(171)
At 30 June 2019, 1 July 2019 and 31 December 2020	–

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Deductible temporary differences	**1,403**	3,148
Unused tax losses	**82,929**	68,984
	84,332	72,132

At 31 December 2020, the Group had unused tax losses of approximately HK$82,929,000 (year ended 30 June 2019: HK$68,984,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

At 31 December 2020, the Group had assessable temporary differences of approximately HK$1,403,000 (year ended 30 June 2019: deductible temporary differences of approximately HK$3,148,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised.

33. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Authorised:		
At 1 July 2018 (ordinary shares of HK$0.05)	10,000,000	500,000
Increase in authorised share capital *(note a)*	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 *(note b)*	(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 *(note e)*	15,150	76
– upon conversion of placing *(note f)*	26,900	134
– upon conversion of subscription *(note g)*	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.

33. SHARE CAPITAL (*continued*)

(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.

33. SHARE CAPITAL (*continued*)

(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.

34. SHARE OPTION SCHEME

Pursuant to a share option scheme (the "Previous Scheme") approved by the shareholders of the Company dated 5 November 2010 for the primary purpose of providing incentives to Eligible Participants (as defined below) for their contribution or potential contribution to the Group. Under the Previous Scheme, the directors may grant options to Eligible Participants to subscribe for shares ("Shares") in the Company subject to the terms and conditions stipulated therein. As the Previous Scheme was expired on 4 November 2020 and the amendments to the relevant GEM Listing Rules since the adoption of the Previous Scheme, the termination of the Previous Scheme and adoption of a new share option scheme (the "New Scheme") has been proposed by the Board in accordance with Chapter 23 of the GEM Listing Rules. The New Scheme was subsequently approved by the shareholders of the Company and was adopted on 31 August 2020.

A summary of the New Scheme is as follows:

Eligible Participants	Any full time or part time employees or potential employees, executives or officers (including executive, non-executive directors and independent nonexecutive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers, who will or have contributed to the Company or its subsidiaries.
Total number of Shares available for issue under the New Scheme	The total number of Shares which may be issued under the New Scheme upon exercise of all outstanding options granted and yet to be exercised under the New Scheme must not exceed 10% of the Shares in issue as at the date of relevant shareholders' approval. The limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other schemes must not exceed 30% of the relevant class of securities of the Company in issue from time to time.
Total number of Shares available for issue for options granted under the New Scheme	As at 31 August 2020, the number of Shares issuable under for issue for the New Scheme was 27,969,426 shares, which options granted under represented approximately 10% of the issued share capital of the Company as at that date.

34. SHARE OPTION SCHEME (*continued*)

Maximum entitlement of each Eligible Participant	The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any twelve-month period up to and including the date of grant shall not exceed 1% of the number of Shares in issue at the date of grant.
Period under which the Shares must be taken up under an option	The period during which the options may be exercised will be determined by the board of directors of the Company at its absolute discretion, save that no option can be exercised more than 10 years after it has been granted and accepted.
Minimum period for which an option must be held before it can be exercised	The board of director of the Company may determine the minimum period for which an option must be held before it can be exercised.
Period within which payments/calls/loans must be made/repaid	28 days from the date of the offer of the options.
Basis of determining the exercise price	The exercise price must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.
The remaining life of the New Scheme	The New Scheme remains in force until 30 August 2030 unless otherwise terminated in accordance with the terms stipulated therein.
Amount payable on acceptance of the option	HK$1.0

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

During the eighteen months ended 31 December 2020, no option was granted, exercised or cancelled, nor were there any outstanding at the beginning and at the end of the year.

35. DISPOSAL OF SUBSIDIARIES

(a) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Cyber Leader which carried out all of the Group's sales of livestocks business at a cash consideration of HK$100,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Cyber Leader at the date of disposal were as follows:

	Total
	HK$'000
Plant and equipment	3,788
Prepaid lease payment	2,320
Bank balances and cash	26
Other payables	(6,038)
Net assets disposal of	96
Exchange reserve release upon disposal	435
Loss on disposal of a subsidiary *(Note 11(a))*	(431)
Total consideration	100
Satisfied by cash	100
Net cash inflow arising from disposal:	
Cash consideration received during the year	100
Less: Bank balances and cash disposed of	(26)
	74

35. DISPOSAL OF SUBSIDIARIES (*continued*)

(b) On 16 September 2019, the Group entered into an agreement to dispose of its 100% equity interests in Aritza at a consideration of HK$4,500,000. The disposal was completed on 16 September 2019.

The assets and liabilities of Aritza at the date of disposal were as follows:

	Total
	HK$'000
Interests in an associate	4,550
Other payables	(17)
Net assets disposal of	4,533
Loss on disposal of a subsidiary	(33)
Total consideration	4,500
Satisfied by:	
Cash	500
Offsetting with corporate bond	4,000
	4,500
Net cash inflow arising from disposal:	
Cash consideration received during the year	500

35. DISPOSAL OF SUBSIDIARIES (*continued*)

(c) On 27 December 2018, Philippines Dragon entered into an agreement to dispose of the entire equity interests in Red Rabbit which was principally engaged in the Group's information technology services business at a cash consideration of HK$3,800,000. The disposal was completed on 31 December 2018.

The assets and liabilities of Red Rabbit at the date of disposal were as follows:

	Total
	HK$'000
Intangible assets	2,660
Trade and other receivables	6,339
Amounts due with group companies	12,433
Bank balances and cash	21
Trade and other payables	(3,260)
Tax payable	(1,115)
Deferred tax liability	(171)
Net assets disposal of	16,907
Non-controlling interests	(7,201)
Exchange reserve release upon disposal	(793)
Amounts due with the Group assigned and waived	(12,433)
Gain on disposal of subsidiaries *(Note 11(b))*	7,320
Total consideration	3,800
Satisfied by cash	3,800
Net cash inflow arising from disposal:	
Cash consideration	3,800
Less: Cash consideration received for year ended 30 June 2019	(300)
	3,500

36. 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
	HK$'000
Not later than one year	2,729

37. CAPITAL COMMITMENTS

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

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Capital contribution to a joint venture *(note 22)*	**–**	5,000
Capital expenditure for the CRM system	**147**	490
	147	5,490

38. RELATED PARTY TRANSACTIONS

Except those related party information disclosed elsewhere in the consolidated financial statements, the Group did not have any other material related party transactions during the year.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payable	Obligations under finance leases	Lease liabilities	Corporate bonds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2019 and 1 July 2019	8,064	15	–	217,983	226,062
Adjustment upon application of HKFRS16	–	–	2,467	–	2,467
At 30 June 2019 and 1 July 2019 (restated)	8,064	15	2,467	217,983	228,529
Changes from financing cash flows:					
Capital element of finance leases rental paid	–	(15)	–	–	(15)
Repayment of lease liabilities	–	–	(5,517)	–	(5,517)
Proceeds from issue of corporate bonds	–	–	–	97,454	97,454
Expenses on issue of corporate bonds	–	–	–	(13,566)	(13,566)
Interest paid	(14,790)	–	–	–	(14,790)
Repayment of corporate bonds	–	–	–	(70,952)	(70,952)
Total changes from financing cash flows	(14,790)	(15)	(5,517)	12,936	(7,386)
Non-cash changes:					
New lease entered	–	–	8,176	–	8,176
Imputed interest expenses	–	–	–	20,988	20,988
Interest expenses	26,950	–	752	–	27,702
Lease modification	–	–	(4,141)	–	(4,141)
Settlement of corporate bonds by offsetting with consideration receivable	–	–	–	(4,000)	(4,000)
Total non-cash changes	26,950	–	4,787	16,988	48,725
At 31 December 2020	20,224	–	1,737	247,907	269,868

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (*continued*)

	Interest payable *HK$'000*	Obligations under finance leases *HK$'000*	Promissory notes *HK$'000*	Corporate bonds *HK$'000*	Total *HK$'000*
At 30 June 2018 and 1 July 2018	7,492	452	3,170	164,782	175,896
Changes from financing cash flows:					
Capital element of finance leases rental paid	–	(437)	–	–	(437)
Interest element of finance leases rental paid	–	(28)	–	–	(28)
Proceeds from issue of corporate bonds	–	–	–	120,789	120,789
Expenses on issue of corporate bonds	–	–	–	(17,661)	(17,661)
Interest paid	(14,937)	–	–	–	(14,937)
Repayment of corporate bonds	–	–	–	(67,546)	(67,546)
Total changes from financing cash flows	(14,937)	(465)	–	35,582	20,180
Non-cash changes:					
Finance charge on obligations under finance leases	–	28	–	–	28
Imputed interest expenses	–	–	–	17,619	17,619
Interest expenses	15,509	–	–	–	15,509
Settlement of corporate bonds by offsetting with receivable balance	–	–	(3,170)	–	(3,170)
Total non-cash changes	15,509	28	(3,170)	17,619	29,986
At 30 June 2019	8,064	15	–	217,983	226,062

40. FINANCIAL INSTRUMENTS

(A) Financial instruments by categories

	Financial assets at amortised cost	
	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**266,621**	352,617

	Financial liabilities at amortised cost	
	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Financial liabilities		
Amortised cost	**315,268**	278,676

(B) Financial risk management objective and policy

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and foreign currency risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as summarised below.

(a) Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, due to the fluctuation of the prevailing market interest rate. It is the Group's policy to keep its bank balances at floating rate of interest so as to minimise the fair value interest rate risk.

The Group is also exposed to fair value interest rate risk in relation to corporate bonds (see note 31 for details) and loan receivables (see note 23 for details).

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The directors of the Company consider that the interest rate risk in relation to variable bank balances are insignificant due to these balances are either within short maturity period or the outstanding balances are not significant.

40. FINANCIAL INSTRUMENTS (*continued*)

(B) Financial risk management objective and policy *(continued)*

(a) Market risk (continued)

(ii) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of entities within the Group. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(b) Credit risk

As at 31 December 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to a failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Trade and interest receivables and loan receivables

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on financial assets at amortised cost collectively. In this regard, the directors of the Company consider that the Group's credit risk is effectively managed.

The Group has concentration of credit risk as 2% (year ended 30 June 2019: 20%) and 5% (Year ended 30 June 2019: 27%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Other receivables and bank balances

The credit risk of other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each receivable and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of each reporting period.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

40. FINANCIAL INSTRUMENTS (*continued*)

(B) Financial risk management objective and policy *(continued)*

(b) Credit risk (continued)

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

Internal credit rating	Description	Trade receivables	Other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-months ECL
Moderate risk	Debtors frequently repay after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-months ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indication the assets it credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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

				Gross carrying amount	
	Notes	Internal credit rating	12-month or lifetime ECL	31 December 2020	30 June 2019
				HK$'000	*HK$'000*
Financial assets at amortised cost					
Bank balances	*26*	Note A	12m ECL	**7,405**	11,540
Loan receivables	*23*	Note B	12m ECL Lifetime ECL	**220,865**	311,308
Trade receivables	*25*	Note C	Lifetime ECL	**8,151**	13,477
Other receivables	*25*	Note B	12m ECL Lifetime ECL	**41,311**	545
Interest receivables	*25*	Note B	12m ECL Lifetime ECL	**27,385**	31,095

40. FINANCIAL INSTRUMENTS (*continued*)

(B) Financial risk management objective and policy *(continued)*

(b) Credit risk (continued)

Notes:

A. For bank balances, the Group determines the expected credit losses by referring to external credit rating of the related banks. No impairment allowance was made on bank balances at the end of each reporting period as the directors of the Company consider the effect is minimal.

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

C. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by internal credit rating based on historical repayment records and reputation.

As part of the Group's credit risk management, the Group applies internal credit rating. The following table provides information about the exposure to credit risk which are assessed based on provision matrix as at the end of the reporting period. Credit-impaired trade receivables with gross carrying amounts of HK$8,151,000 as at 31 December 2020 were assessed individually. Credit-impaired loan receivables, trade receivables and interest receivables with gross carrying amounts of HK$8,500,000, HK$13,477,000 and HK$163,000 respectively as at 30 June 2019 were assessed individually.

Gross carrying amount

At at 31 December 2020

Internal credit rating	**Average loss rate**	**Loan receivables** *HK$'000*	**Interest receivables** *HK$'000*	**Other receivables** *HK$'000*
Moderate risk	**2.62%**	**–**	**–**	**41,311**
Doubtful	**3.82%**	**139,608**	**19,877**	**–**
Loss	**35.28%**	**81,257**	**7,508**	**–**
		220,865	**27,385**	**41,311**

As at 30 June 2019

Internal credit rating	Average loss rate	Loan receivables *HK$'000*	Interest receivables *HK$'000*
Low risk	0.14%	20,254	532
Moderate risk	1.83%	35,915	1,464
Doubtful	3.78%	246,639	28,936
		302,808	30,932

The estimated loss rates are estimated based on average of personal default rates and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

40. FINANCIAL INSTRUMENTS (*continued*)

(B) Financial risk management objective and policy *(continued)*

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	Carrying amount	**Contractual undiscounted cash flows**	**Within 1 year or on demand**	**Between 1–2 years**	**Between 2–5 years**	**Over 5 years**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 31 December 2020						
Trade and other payables	**65,624**	**65,624**	**65,624**	**–**	**–**	**–**
Corporate bonds	**247,907**	**298,905**	**273,405**	**–**	**25,500**	**–**
Lease liabilities	**1,737**	**1,940**	**1,313**	**627**	**–**	**–**
Total	**315,268**	**366,469**	**340,342**	**627**	**25,500**	**–**

	Carrying amount	Contractual undiscounted cash flows	Within 1 year or on demand	Between 1–2 years	Between 2–5 years	Over 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2019						
Trade and other payables	60,678	60,678	60,678	–	–	–
Obligations under finance leases	15	15	15	–	–	–
Corporate bonds	217,983	254,759	227,000	2,259	12,500	13,000
Total	278,676	315,452	287,693	2,259	12,500	13,000

40. FINANCIAL INSTRUMENTS (*continued*)

(C) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

(i) Fair value of the Group's financial instruments that are measured at fair value on a recurring basis

During the eighteen months ended 31 December 2020 and the year ended 30 June 2019, there was no financial instrument of the Group that is measured at fair value and there were no transfers between Level 1 and 2 or transfers into or out of Level 3.

(ii) Fair value of the Group's financial instruments that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

41. CAPITAL RISK MANAGEMENT

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

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

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital.

Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues as well as the issue of new debt.

42. EMPLOYEE RETIREMENT BENEFITS

The Group enrolled all Hong Kong employees in the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by employees.

The Group's subsidiaries operating in the PRC participate in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. These subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions under these schemes.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$644,000 (Year ended 30 June 2019: HK$755,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

43. MAJOR NON-CASH TRANSACTIONS

Apart from those disclosed elsewhere in these in these consolidated financial statements, there is no major non-cash transactions during the eighteen months ended 31 December 2020 and the year ended 30 June 2019.

44. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Non-current asset		
Interests in subsidiaries	**296,761**	310,722
Current assets		
Consideration receivables	**–**	3,500
Other receivables	**185**	385
Amount due from an associate	**–**	115
Cash and bank balances	**267**	416
	452	4,416
Current liabilities		
Other payables	**38,675**	23,294
Corporate bonds	**231,209**	199,875
Amounts due to subsidiaries	**975**	950
	270,859	224,119
Net current liabilities	**(270,407)**	(219,703)
Total assets less current liabilities	**26,354**	91,019
Non-current liability		
Corporate bonds	**16,376**	16,614
Net assets	**9,978**	74,405
Equity		
Share capital *(note 33)*	**1,398**	1,108
Reserves *(note)*	**8,580**	73,297
Total equity	**9,978**	74,405

The statement of financial position of the Company was approved and authorised for issue by the Board of directors on 26 March 2021 and are signed on its behalf by:

Wang Jinhan	**Wang Hongtao**
Chairman	*Director*

44. INFORMATION ABOUT FINANCIAL POSITION OF THE COMPANY (*continued*)

Note:

Reserves

	Share premium	Contributed surplus	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2018 and 1 July 2018	313,576	–	(434,311)	(120,735)
Loss for the year	–	–	(26,544)	(26,544)
Cancellation of paid-up capital, reduction of share premium and transfer to contributed surplus	(313,576)	534,152	–	220,576
At 30 June and 1 July 2019	–	534,152	(460,855)	73,297
Loss for the period	–	–	(82,124)	(82,124)
Issue of ordinary share				
– Upon fully conversion of convertible bonds *(Note 33(e))*	5,484	–	–	5,484
– Upon completion of placing *(Note 33(f))*	7,666	–	–	7,666
– Upon completion of subscription *(Note 33(g))*	4,257	–	–	4,257
At 31 December 2020	17,407	534,152	(542,979)	8,580

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 December 2020 are as follows:

Name	Place of incorporation/ operations	Issued and fully paid share capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiary	Principal activities
Kirin Financial Group Limited	Hong Kong	HK$10,000	75%	–	100%	Provision of advisory service
Kirin Wealth Management Limited	Hong Kong	HK$900,000	75%	–	100%	Provision of insurance brokerage of service
Kirin Finance Limited	Hong Kong	HK$10,000	100%	–	100%	Money lending
Kirin Asset Management Limited (Formerly known as Sang Woo (Kirin) Asset Management Limited)	Hong Kong	HK$22,630,000	75%	–	100%	Provision of asset management service
Kirin Securities Limited (Formerly known as Sang Woo (Kirin) Securities Limited)	Hong Kong	HK$8,100,000	100%	–	100%	Provision of securities brokerage service
Kirin Capital International Limited	Hong Kong	HK$20,000,001	100%	–	100%	Inactive
Kirin Immigration Services Limited	Hong Kong	HK$1	100%	–	100%	Provision of consultancy service
WL Trading Limited	Hong Kong	HK$1	100%	–	100%	Inactive
PT Trading Hong Kong Limited	Hong Kong	HK$1	100%	–	100%	Provision of entertainment services

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

Name of subsidiary	Place of incorporation and principal place of business	Portion of ownership and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		31 December 2020	30 June 2019	**31 December 2020**	30 June 2019	**31 December 2020**	30 June 2019
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Kirin Holdings Limited	Cayman Islands/ Hong Kong	**25%**	25%	**(3,757)**	(2,833)	**(16,797)**	(13,040)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (*continued*)

The summarised financial information in respect of the Group's subsidiaries that has non-controlling interests that are material to the Group, before intragroup eliminations:

	Kirin Holdings Limited	
	31 December 2020	30 June 2019
	HK$'000	*HK$'000*
Current assets	**22,230**	33,702
Non-current assets	**7,418**	6,842
Current liabilities	**(96,288)**	(92,750)
Non-current liabilities	**(590)**	–
Equity attributable to owners of the Company	**(50,433)**	(39,154)
Non-controlling interests	**(16,797)**	(13,040)
Revenue	**54,407**	93,404
Loss attributable to owners of the Company	**(11,272)**	(8,499)
Loss attributable to non-controlling interests	**(3,757)**	(2,833)
Loss for the year	**(15,029)**	(11,332)
Net cash (outflow) inflow from operating activities	**2,244**	(34)
Net cash outflow from investing activities	**(281)**	(15)
Net cash outflow from financing activities	**(5,083)**	(437)
Net cash (outflow) inflow	**(3,120)**	(486)

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length.

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

46. 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 are set out in the announcements of the Company dated 25 March 2020 and 22 March 2021 respectively.

FINANCIAL SUMMARY

	For the eighteen months ended 31 December 2020 *HK$'000*	2019 *HK$'000*	Years ended 30 June 2018 *HK$'000* (Restated)	2017 *HK$'000* (Restated)	2016 *HK$'000* (Restated)
Results					
Revenue	**69,175**	97,309	74,879	79,562	40,833
Loss for the period/years	**(90,407)**	(49,249)	(81,806)	(101,536)	(68,168)

	As at 31 December 2020 *HK$'000*	2019 *HK$'000*	As at 30 June 2018 *HK$'000* (Restated)	2017 *HK$'000* (Restated)	2016 *HK$'000* (Restated)
Assets and liabilities					
Total assets	**338,184**	366,596	358,167	283,250	229,722
Total liabilities	**(323,957)**	(279,744)	(209,061)	(261,368)	(107,578)
Net assets	**14,227**	86,852	149,106	21,882	122,144
Share Capital	**1,398**	1,108	221,684	63,338	63,338
Reserves	**29,626**	98,784	(69,572)	(42,127)	56,715
Total equity attributable to equity shareholders of the Company	**31,024**	99,892	152,112	21,211	120,053
Non-controlling interests	**(16,797)**	(13,040)	(3,006)	671	2,091
Total equity	**14,227**	86,852	149,106	21,882	122,144