SOLID DEVELOPEMNT

Annual Report 2019

華金國際資本
HJ Capital

Design Concept

This year, the theme of annual report is "Solid Development". The annual report employs metallic colours to interpret the concept of being steady and robust. Its visual effect gets accentuated by the choice of paper and mixed metallic colours, which are accompanied by simple geometric lines to represent multifaceted development and enable information delivery through the overall presentation.

CONTENT

MILESTONE

JUL 2000

iOne Financial Press Limited ("iOne Financial") commenced operations in Hong Kong and the Asia-Pacific region.

JUN 2001

iOne Financial established its first in-house translation team.

NOV 2005

A new sales team together with the original key members of iOne Financial established iOne (Regional) Financial Press Limited in order to expand its market share.

JUL 2008

The Company became the first financial printing company to be listed on the main board of The Stock Exchange of Hong Kong Limited (Stock code: 00982).

SEP 2009

At the 23rd ARC Awards International in New York, iOne Financial picked up 52 trophies plus the Best of Hong Kong Award and Titanium Achievement Award.

AUG 2012

The iOne Financial Beijing Representative Office was relocated to Office Park, Chaoyang District in Beijing, China.

MAR 2013

iOne Financial was honoured with the Most Reliable Printer Award at the Hong Kong's Most Valuable Companies Services Awards 2012.

AUG 2013

iOne Financial won 2 Grand Awards in the 27th International ARC Awards 2013 among a total of 46 awards.

DEC 2013

The Group expanded into property investment, which will diversify its income stream and help maximise shareholder returns.

JUL 2014

One of our productions was ranked #1 among “Top 80 Annual Reports in the Asia-Pacific Region” and #2 among “Top 100 Annual Reports Worldwide” in the 2013 LACP Vision Awards.

AUG 2014

iOne Financial proudly captured the Platinum Achievement Award, 3 Grand Awards, and 62 other awards in the 28th International ARC Awards 2014.

OCT 2015

iOne Financial is awarded the Trophy for BEST OF SHOW, Platinum Achievement Award, 6 Grand Awards, and 60 other awards in the International ARC Awards 2015.

NOV 2015

iOne Financial is proudly ranked as the Best Annual Report Agency in the Asia-Pacific region and named as the winner of Platinum Award in the 2014 LACP Vision Awards.

JUN 2016

The Group expanded into financial advisory services through the acquisition of the entire equity interest in WAG Worldsec Corporate Finance Limited, a licensed corporation carrying on business in Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).

JUL 2016

iOne Financial has captured a total of 45 awards on behalf of our clients, including 2 Industry Platinum Awards, #5 & #10 for Top 80 Annual Reports in the Asia-Pacific Region, Best Letter to Shareholders in the Asia-Pacific Region Bronze, Most Creative Annual Report Platinum Awards in the Asia-Pacific Region, 6 Industry Gold Awards and other awards in the 2015 LACP Vision Awards.

OCT 2016

iOne Financial was honored with the Platinum Achievement Award, 3 Grand Awards, 23 Gold, 17 Silver, 16 Bronze, and 15 Honors awards in the International ARC Awards 2016.

SEP 2017

Completed the acquisition of the entire issued share capital of Huajin Financial (International) Holdings Limited. The Group now carries out regulated activities through its wholly-owned subsidiaries, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under SFO, and also holds a Money Lender's Licence under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong).

DEC 2017

The official registered name of the Company has been changed from "iOne Holdings Limited" to "HJ Capital (International) Holdings Company Limited 華金國際資本控股有限公司" with effect from 25 October 2017.

OCT 2018

iOne Financial was awarded the Trophy for BEST OF SHOW, and won 87 awards which enabled it to achieve Platinum Achievement Award in the 32nd International ARC Awards 2018.

NOV 2018

Developed a new business segment in hotel advisory, hotel management and exhibition services planning.

MAR 2019

Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司), a subsidiary of the Company, entered into a property lease framework agreement in relation to Huafa Place (華發行政公寓) and Sheraton Zhuhai Hotel (珠海華發喜來登酒店).

JAN 2020

The Company commenced to provide property management services and related value-added services through Zhuhai Huafa Property Management Services Co., Ltd.* (珠海華發物業管理服務有限公司) and its subsidiaries.

CORPORATE INFORMATION

Board of directors

Executive directors
Mr. Li Guangning (Chairman)
Mr. Xie Wei (Chief Executive Officer)
Ms. Guo Jin
Mr. Tze Kan Fat (Appointed with effect from 28 June 2019)

Non-executive directors
Ms. Zhang Kuihong
Mr. Shong Hugo
Mr. Qie Yan (Resigned with effect from 28 June 2019)

Independent non-executive directors
Dr. Chen Jieping
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Audit committee

Dr. Chen Jieping (Chairman)
Dr. Sun Mingchun
Mr. Tse Yung Hoi

Remuneration committee

Dr. Sun Mingchun (Chairman)
Dr. Chen Jieping
Mr. Tse Yung Hoi
Mr. Xie Wei
Ms. Guo Jin

Nomination committee

Mr. Tse Yung Hoi (Chairman)
Dr. Chen Jieping
Dr. Sun Mingchun

Legal adviser

Bird & Bird

Auditor

PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor

Company secretary

Ms. Chan Sau Ling
(Appointed with effect from 28 June 2019)
Ms. Li Yanmei
(Resigned with effect from 28 June 2019)

Head office and principal place of business in Hong Kong

Room 3605, 36/F
Cheung Kong Center
2 Queen's Road Central
Central, Hong Kong

Registered office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Bermuda principal share registrar and transfer office

MUFG Fund Services (Bermuda) Limited

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited

Principal bankers

Hang Seng Bank Limited
Dah Sing Bank Limited

Bermuda resident representative

Conyers Corporate Services (Bermuda) Limited

Authorised representatives

Mr. Xie Wei
Ms. Chan Sau Ling

Place of listing

The Stock Exchange of Hong Kong Limited

Stock code

982

Website address

www.huajinci.com

FIVE YEAR SUMMARY

Revenue
HK$'000

2019/ 527,067
2018/ 504,675
2017/ 425,008
2016/ 360,751
2015/ 245,555

		Year ended 31 December			
	2019	2018	2017	2016	2015
		(Restated)	(Restated)	(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**527,067**	504,675	425,008	360,751	245,555
Profit/(loss) before income tax expense	**24,040**	60,585	34,803	(13,342)	17,821
Income tax expense	**(17,992)**	(15,922)	(9,224)	(7,039)	(4,461)
Profit/(loss) for the year	**6,048**	44,663	25,579	(20,382)	13,360

		As at 31 December			
	2019	2018	2017	2016	2015
		(Restated)	(Restated)	(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**639,388**	550,512	432,687	446,166	439,871
Total liabilities	**(445,331)**	(237,695)	(205,006)	(297,176)	(271,137)
Total equity	**194,057**	312,817	227,680	148,990	168,734

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Directors") (the "Board"), I am pleased to present the annual results of HJ Capital (International) Holdings Company Limited ("HJ Capital" or the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2019.

Despite the sluggish growth of global economy in 2019 with multiple uncertainties for the prospects, the Chinese economy advanced amidst overall stability.

I. Performance Review

During the year ended 31 December 2019, the Group recorded an increase of 4.4% in its consolidated revenue to approximately HK$527.1 million (2018 restated: approximately HK$504.7 million). Profit for the year attributable to owners of the Company was approximately HK$4.3 million (2018 restated: approximately HK$34.2 million), while gross profit margin was approximately 43.4% (2018 restated:approximately 46.5%).

For seeking and exploring fresh business opportunities, the Group started to develop its business segment of hotel operation, hotel management, hotel advisory and exhibition services in 2018. In 2019, the Group leased two hotel property, Huafa Place (華發行政公寓) and Sheraton Zhuhai Hotel (珠海華發喜來登酒店), through one of its wholly-owned subsidiaries, which further expand the revenue of the business segment of hotel operation, hotel management and hotel advisory. In addition, the Group also undertook a number of important global and national exhibitions through one of its subsidiaries in 2019. during the year under review, the Group recorded revenue of approximately HK$340.8 million (2018 restated: approximately HK$281.0 million) from the business segment of hotel operation, hotel management, hotel advisory and exhibition services.

The Group also carries out regulated activities through its wholly-owned subsidiaries, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), and holds a Money Lender's Licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Due to the impact of the China-US trade war, tensions in Hong Kong and other factors, the financial services segment generated approximately HK$58.6 million (2018: approximately HK$94.2 million) of revenue to the Group during the year under review, and incurred losses over the past two years.

The financial printing segment generated approximately HK$127.7 million (2018: approximately HK$129.5 million) of revenue to the Group during the year under review, and incurred losses over the past three years.

To bolster its performance, the Group, an active pursuer of new development opportunities at all time, competed its acquisition of all the issued ordinary shares of Concord Bright Holdings Limited (和輝集團有限公司) ("Concord Bright"), whose core assets comprise the equity interests in Zhuhai Huafa Property Management Services Co. Ltd. *(珠海華發物業管理服務有限公司) ("Huafa Property") and its subsidiaries. The Company has commenced its provision of property management services and related value-added services through Huafa Property, in an aim of further diversify and broaden the Group's revenue streams, and comprehensively improve the Group's overall operations performance in the future.

II. Outlook

Looking into 2020, global economy is expected to sustain in fragile recovery, as overshadowed by a host of factors such as global trade frictions, geopolitical uncertainties and the global epidemic of COVID-19. In spite of the complexity of business environment, the Group will consider appropriate measures to ensure the interest of the shareholders of the Company is being served.

The rise of new city clusters will offer the property management industry a mega incremental market with development opportunities while the continuous ramp-up of urbanization in China will bring about sustained favourable conditions for the development of the Chinese property management industry. Aside from properly tapping into its existing business relations with Zhuhai Huafa Group Company Limited ("Zhuhai Huafa"), Huafa Property will strengthen its cooperation with independent-third-party property developers, and hereby amply its scale of business and realize stable growth.

The Group will capture the favourable timing of accelerated development of the Guangdong-Hong Kong-Macau Greater Bay Area, and fully leverage the geographic edge of Zhuhai as a popular tourist destination of China and a core city in the Greater Bay Area, to secure stable growth of its hotel operation, hotel management, hotel advisory and exhibition services segments.

In connection with the segments of financial services and financial printing services, the Group will stay focused on their performance amidst fierce market competition and the negative effect cast by the COVID-19 epidemic on economy and capital markets. It will comprehensively review the business of its financial services segment and financial printing segment, and consider difference possible solutions of the latter to ensure the interest of the shareholders of the Company is being served.

Looking ahead, the Group, a beneficiary of the long-term planning of the Guangdong-Hong Kong-Macau Greater Bay Area, will take the initiative to integrate into such national development strategies, leverage visionary layouts and sustained intensive engagement, to shape the Group as a famous integrated high-end service business provider based on the Greater Bay Area and for the whole country, and create higher value for shareholders in a sustainable manner.

Here, I would like to convey my sincere gratitude to our clients and shareholders for their support, and take this opportunity to thank our Board, management team and staff for their outstanding contribution and unremitting dedication.

Li Guangning
Chairman

Hong Kong, 31 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

(I) Hotel operation, hotel management, hotel advisory and exhibition services

For seeking and exploring fresh business opportunities, the Group started to develop its business segment of hotel operation, hotel management, hotel advisory and exhibition services in 2018, in an effort to keep contributing to the development of the Guangdong-Hong Kong-Macau Greater Bay Area and share its achievements.

In 2019, Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司) ("Huajin Hotel"), an indirect wholly-owned subsidiary of the Company, leased Huafa Place (華發行政公寓) and Sheraton Zhuhai Hotel (珠海華發喜來登酒店). This allows the Group to further engage in hotel operation based on its established hotel management and hotel advisory business. Huafa Place and Sheraton Zhuhai Hotel are favourably located in the bustling SZM Central Business District of Zhuhai City, a renowned tourist destination in Guangdong Province of the PRC which sits next to Macau. Leveraging their superior geographic locations and brand influence, Huafa Place and Sheraton Zhuhai Hotel can meet customers' business and tourism demands at the same time. As a well-known international five-star hotel chain in Zhuhai, Sheraton Zhuhai Hotel gained multiple honours in 2019, such as "2019 Greater Bay Area Hospitality Awards – Exhibition and Conference Hotel of the Year" (2019粵港澳大灣區文旅金雁獎一年度會展會議酒店), an award jointly conferred by People's Tribune of People's Daily and jiemian.com in June 2019.

In addition, the Group also attained a major breakthrough in its exhibition services business in 2019. Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市横琴新區華金國際會展服務有限公司) ("Huajin Convention"), an indirect wholly-owned subsidiary of the Company, is also advantageously located next to Zhuhai International Convention and Exhibition Centre in SZM Central Business District of Zhuhai City. Meanwhile, the subsidiary taps into the geographical, institutional and industrial merits of the Guangdong-Hong Kong-Macau Greater Bay Area to provide professional, efficient and "one-stop" services of event planning, organisation and undertaking as well as on-site service that cater to clients from home and abroad. In 2019, Huajin Convention undertook a number of important global and national exhibitions at Zhuhai International Convention and Exhibition Centre, including the Third "21st Century Maritime Silk Road" China (Guangdong) International Communication Forum, Macao-Zhuhai Entrepreneur Summit 2019, and Zhuhai Design Week 2019 – Beijing Design Week (Zhuhai).

During the year under review, the Group recorded revenue of approximately HK$340.8 million (2018 restated: approximately HK$281.0 million) from the business segment of hotel operation, hotel management, hotel advisory and exhibition services.

(II) Financial services

The Group carries out regulated activities through its wholly-owned subsidiaries, Huajin Financial (International) Holdings Limited ("Huajin Financial") and its subsidiaries (collectively "Huajin Group"), WAG Worldsec Corporate Finance Limited and Huajin International Investment Management Limited, including Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and holds a Money Lender's Licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Due to the impact of the China-US trade war, tensions in Hong Kong and other factors, the financial services segment generated approximately HK$58.6 million (2018: approximately HK$94.2 million) of revenue to the Group during the year under review, and incurred losses over the past two years.

(III) Financial printing services

The financial printing services segment generated approximately HK$127.7 million (2018: approximately HK$129.5 million) of revenue to the Group during the year under review, and incurred losses over the past three years.

(IV) Property management services

To bolster its performance, the Group, an active pursuer of new development opportunities at all times, started expanding its operations to the provision of property management services and related value-added services in China during 2020. In January 2020, the Company completed its acquisition of all the issued ordinary shares of Concord Bright Holdings Limited (和輝集團有限公司) ("Concord Bright"), whose core assets comprise the equity interests in Zhuhai Huafa Property Management Services Co., Ltd.* (珠海華發物業管理服務有限公司) ("Huafa Property") and its subsidiaries. The Company has commenced its provision of property management services and related value-added services through Huafa Property, with an aim to further enhance its strategic position as a high-end service platform, diversify and broaden the Group's revenue streams, ensure sustainable development, and comprehensively improve the Group's overall operations performance in the future.

II. Financial Review

For the year ended 31 December 2019, the Group recorded revenue from external customers of approximately HK$527.1 million (2018 restated: approximately HK$504.7 million), representing an increase of approximately 4.4% from the previous financial year. The Group's profit before income tax decreased to approximately HK$24.0 million (2018 restated: approximately HK$60.6 million), which was mainly due to drop in operating profit margin and increase in finance expenses.

Profit for the year attributable to owners of the Company was approximately HK$4.3 million (2018 restated: approximately HK$34.2 million). Basic earnings per share amounted to approximately HK0.0424 cent (2018 restated: approximately HK0.3402 cent).

III. Liquidity and Financial Resources

As at 31 December 2019, the Group's cash and cash equivalents amounted to approximately HK$271.2 million (2018 restated: approximately HK$220.8 million) with bank borrowings of HK$150.0 million

(2018: HK$55.0 million). The Group held current assets of approximately HK$503.0 million (2018 restated: approximately HK$468.5 million) and total current liabilities of approximately HK$415.8 million (2018 restated: approximately HK$237.6 million). The Group's current ratio, being total current assets over total current liabilities, was 1.21 (2018 restated: 1.97). Total equity of the Group was approximately HK$194.1 million as at 31 December 2019 (2018 restated: HK$312.8 million). The Group's gearing ratio, being total liabilities over total assets, was 69.6% (2018 restated: 43.2%).

IV. Capital Structure

There was no material change in the capital structure of the Company during the year.

V. Exposure to Fluctuations in Interest Rates

As at 31 December 2019, the Group's interest-bearing financial assets primarily comprised of bank deposits and margin loans receivable, and the Group's interest-bearing financial liabilities primarily comprised of bank borrowings. As there was no significant financial risk of a change in interest rates, the Group had no interest rate hedging policy.

VI. Exposure to Fluctuations in Exchange Rates

The Group conducted its business transactions principally in Hong Kong Dollars ("HK$") and Renminbi ("RMB"). As at 31 December 2019, most of the Group's bank deposits and cash balances were mainly denominated in HK$, United States Dollars ("USD") and RMB. The HK$ is pegged to the USD, and this made the Group's foreign exchange risk exposure minimal. As such, the Group did not utilise any foreign exchange derivatives for hedging purposes as at 31 December 2019. Foreign currency exposure did not pose a significant risk for the Group, but we will remain vigilant and closely monitor our exposure to movements in relevant currencies.

VII. Exposure to Credit Risk

The Group's credit risks mainly arise from contract assets, trade receivables and margin loans receivable, bank balances and deposits and client trust bank balances. The Group strives to manage the risk exposure of trade receivables and margin loans receivable by closely monitoring the payment records of its customers and requesting customer deposits wherever necessary. The credit risk on the bank deposits is limited because of their high credit rating.

VIII. Exposure to Price Risk

The Group's financial asset at fair value through profit or loss is exposed to price risk. The management of the Company (the "Management") will closely monitor this risk by performing on-going evaluations of its asset value and market conditions.

IX. Exposure to Liquidity Risk

The Group's licensed operating unit is required to meet various statutory liquidity requirements as prescribed by relevant regulatory authorities. The Group has a monitoring system in place to ensure that it maintains ample liquidity to comply with the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong).

X. Exposure to Operational Risk

The Group operates financial services in a highly regulated sector. The risk of non-compliance with regulatory requirements may lead to the loss of operating licenses. The Group has actively implemented policies and procedures to ensure compliance with relevant laws and regulations. To the best of the Management's knowledge, the Group has complied with the relevant regulations for its financial services business in Hong Kong, and the Management has not identified any material non-compliance or breach of relevant rules and regulations.

XI. Events after the Financial Year Ended 31 December 2019

(I) As disclosed in the announcement of the Company dated 17 January 2020, all conditions precedent set out in the sale and purchase agreement (entered into between the Company as purchaser, Hong Kong Huafa Investment Holdings Limited (香港華發投資控股有限公司) ("Huafa HK") as seller and Concord Bright as guarantor on 20 December 2019 in relation to the acquisition of 93,000,010 ordinary shares of Concord Bright, representing 100% of the issued ordinary shares of Concord Bright) have been fulfilled and completion took place on 17 January 2020. Accordingly, on 17 January 2020, the Company completed the acquisition of 100% of the issued ordinary shares of Concord Bright. For details, please refer to the aforementioned announcement.

(II) In response to the outbreak of the COVID-19 epidemic in the PRC in early 2020, the PRC actively implemented effective prevention and control measures. The Group will closely monitor the development of the COVID-19 epidemic, and will conduct ongoing evaluations and proactively implement appropriate measures.

XII. Significant Acquisitions and Disposals of Investments

Save as disclosed in the abovementioned section headed "Business Review" in this report, the Group neither acquired or disposed of any significant investments or properties, nor carried out any material acquisitions or disposals of the Company's subsidiaries and associates during the year.

XIII. Employees

As at 31 December 2019, the Group had a total of 873 employees (2018 restated: 834). Staff costs of the Group amounted to approximately HK$216.6 million for the year ended 31 December 2019 (2018 restated: approximately HK$178.1 million), which comprised salaries, commissions, bonuses, other allowances, and contributions to retirement benefit schemes. The Group operates a defined contribution scheme under the Mandatory Provident Fund Schemes Ordinance and provides medical insurance to all its Hong Kong employees. For Mainland employees, social insurance, housing provident fund and pension are provided. The Group structures its employee remuneration packages with reference to general market practice, employees' duties and responsibilities, and the Group's financial performance. The Group provides training courses and developed training programmes to equip its staff with the necessary skills, techniques and knowledge to enhance their productivity and administrative efficiency.

XIV. Pledge of Assets

As at 31 December 2019, the Group had no pledged assets (2018: approximately HK$15.0 million).

XV. Contingent Liabilities

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

XVI. Information on the Use of Proceeds from the Subscription in 2017

References are made to (i) the announcement of the Company dated 11 August 2017 (the "First Announcement") in relation to the subscription of subscription shares pursuant to the subscription agreement dated 11 August 2017 (the "Subscription"), (ii) the Company's further announcement dated 16 August 2017 (the "Further Announcement") in relation to the Subscription, (iii) the Company's announcement dated 13 November 2018 in relation to the additional information on the use of proceeds from the Subscription in 2017 (the "Supplemental Announcement"), and (iv) the Company's announcement dated 8 October 2019 in relation to the additional information on the use of proceeds from the Subscription in 2017 (the "Further Supplemental Announcement").

As at 31 December 2019, approximately HK$19,000,000 of the net proceeds from the Subscription, representing approximately 14.73% of the net proceeds has been utilised as part of the shareholder's loan of the Company to Huajin International Bay Area High-end Services Holdings Company Limited ("Huajin Bay Area Holdings"), a direct wholly-owned subsidiary of the Company. Huajin Bay Area Holdings has injected the approximately HK$19,000,000 to one of its subsidiaries, Huajin Hotel. The scope of business of Huajin Hotel includes, inter alia, hotel, resort and high-end apartment management.

The Company has been seeking to diversify the business of the Group and exploring new business opportunities by the establishment of Huajin Hotel as an indirect wholly-owned subsidiary of the Company and to provide hotel consultancy services to a wider range of hotels owned and operated by Zhuhai Huafa and its subsidiaries. For details, please refer to the Company's announcement and circular in relation to the hotel consultancy services framework agreement dated 29 April 2019 and 2 July 2019, respectively.

Applying approximately HK$19,000,000 net proceeds as capital injection to Huajin Hotel is a suitable investment and in line with the business strategies of the Group and in line with the intended use as disclosed in the Further Announcement, the Supplemental Announcement and the Further Supplemental Announcement.

XVII. Capital Expenditure

For the year ended 31 December 2019, capital expenditure for property, plant and equipment of the Group amounted to approximately HK$7.79 million (2018 restated: approximately HK$3.48 million).

XVIII. Capital Commitments

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

XIX. Business Plan

(I) Property management services

The rise of new city clusters in China will offer the property management industry a mega incremental market with tremendous opportunities, while the continuous ramp-up of urbanisation in China will bring about sustained favourable conditions for the development of the Chinese property management industry.

Huafa Property, an indirect wholly-owned subsidiary of the Company, is headquartered in Zhuhai City of Guangdong Province and stands as a leading Chinese regional provider of residential property management services, with a track record of over three decades of providing property management services in China. By overall strength, Huafa Property ranked 28th amongst the Top 100 Property Management Companies in the PRC by China Index Academy (中國指數研究院, a renowned property management industry research institute in China) in 2019, and obtained the title "2019 China Property Service Top 100 Leading Companies in Customer Satisfaction" (2019中國物業服務百強滿意度領先企業). As at 30 June 2019, Huafa Property managed a portfolio of properties covering 16 cities across 9 provinces, municipalities and autonomous regions in the PRC with a total contracted GFA of approximately 21.4 million sq.m., and provided property management services and value-added services to 133 properties with an aggregate revenue-bearing GFA of approximately 12.7 million sq.m. as well as provided support services to two industrial parks in Zhuhai. Meanwhile, Huafa Property works to extend both the upstream and downstream business of industry chain through its subsidiaries, Zhuhai Huafa Building Elevator Engineering Co., Ltd.* (珠海市華發樓宇電梯工程有限公司) and Zhuhai Huafa Municipal Comprehensive Services Co., Ltd.* (珠海華發市政綜合服務有限公司), in a bid to lift the overall competitiveness of Huafa Property.

Owing to the long-term collaboration between Huafa Property and Zhuhai Huafa Group Company Limited ("Zhuhai Huafa"), the Group has been backed by vigorous support from Zhuhai Huafa in terms of expanding the property management business. In 2014, Zhuhai Huafa acquired the controlling interests of the Company through Huajin Investment Company Limited (鏵金投資有限公司) ("Huajin Investment"), an indirect wholly-owned subsidiary of Zhuhai Huafa. Hence, 36.88% interests of the Company are indirectly controlled by Zhuhai Huafa. As a state-owned enterprise wholly-owned by the State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People's Government* (珠海市人民政府國有資產監督管理委員會) ("Zhuhai SASAC"), Zhuhai Huafa is one of the Top 500 Chinese Enterprises, Top 500 Chinese Service Companies and Top 100 Chinese Multinational Corporations. Through its subsidiaries, Zhuhai Huafa is principally engaged in urban operations (being primary land development, construction and development of major infrastructure facilities), property development, financial services, industrial investment, sales and trading (trading of raw materials, construction materials and commodities) and modern services. Its regional layout has been extended from Zhuhai to more than 60 major cities in Mainland China such as

Beijing, Shanghai, Guangzhou, Shenzhen and Wuhan as well as other places such as Hong Kong, Macau, San Francisco and Tel Aviv. Apart from that, in comparison with private property management businesses, Huafa Property enjoys prominent advantages in obtaining business orders from schools, hospitals and government office buildings, thanks to the background of Zhuhai Huafa as a state-owned enterprise. In view of this, the strong and stable ties between Huafa Property and Zhuhai Huafa are expected to bring a hefty stream of business to the Group's property management business.

Aside from properly tapping into its existing business relations with Zhuhai Huafa, Huafa Property will continue to leverage on its advantageous market penetration, industry ranking and brand awareness, high customer satisfaction and good reputation in the existing regional service markets, to strengthen its cooperation with independent-third-party property developers, and thereby amply its scale of business and realise stable growth.

Looking into 2020, the Group will continue to properly utilise its collaborative ties with Zhuhai Huafa and fully capitalise on its edge as a listed company, to further improve the brand awareness of Huafa Property and solidify its market leadership in the PRC. As regards the expansion of scale, the property management industry has displayed such characteristics as speedy scale amplification, constant increase in industry concentration, and frequent industry mergers and acquisitions. With that in mind, the Group will employ the development strategy of stable expansion, and enhance its cooperation with independent-third-party property developers whilst making good use of the existing business relations with Zhuhai Huafa.

The Group will also further enhance the operations of its headquarters in Zhuhai, proactively work on its layout in other key domestic cities, and stress on growing the business model of "residential business as the core, expansion of commercial and office properties as well as public infrastructure projects, industrial parks and municipal projects", thus boosting its business scale and market share. As regards the types of service, to further elevate its service quality and consolidate its leading industry reputation, the Group will cater to the increasingly stringent service requirements of clients with even better value-added services such as community finance, community trading service, while developing smart property communities via technological means and increasing the types of its value-added services in property management to pursue more diverse profit models. In respect of talents management, given that the property management industry is characteristic of evolving towards high-end professionals, the Group will remain committed to the "people-oriented" concept and combine the introduction of high-calibre talents with internal training. In tandem with continuous introduction of key market talents in such areas as high-end management and strategic operation, the Group will never cease to implement its incentive policy for employees to improve their academic and professional qualifications, establish a training system to train them and lift the overall operational efficiency of frontline and administrative personnel. As regards the control of labour cost in its cost of sales, the Group will, from time to time, review its operational efficiency in light of controlling labour cost while optimising its service provision to clients, so as to maintain the profitability of the property management business.

Leveraging its proven overall strength and professional property management services, Huafa Property has grown in a robust and swift pace. From 2016 to 2018, Huafa Property recorded a high average CAGR of approximately 24.9%, 14.9% and 69.0% in revenue, revenue-bearing area under management and net profit, respectively. Going forward, Huafa Property will rely on the organic growth of the Zhuhai Huafa network, execute its expansion strategy of concentrating on key development regions to deliver expansion growth as well as more mergers and acquisitions, so to amply the overall effect of scale and business revenue. By seizing the "Technology+" strategic plan as an opportunity to accelerate its information-based development, the Group will further bolster service quality and operational efficiency, and work to develop Huafa Property into a community life operator and integrated facility service provider based in the Guangdong-Hong Kong-Macau Greater Bay Area and equipped with a global vision, persistent quality innovation, pursuit of knowledge-based management and practice of social responsibility.

(II) Hotel operation, hotel management, hotel advisory and exhibition services

As regards the hotel operation, hotel management and hotel advisory business, based on a range of favourable factors such as the national policy support to the Guangdong-Hong Kong-Macau Greater Bay Area and the Hong Kong-Zhuhai-Macau Bridge as well as the continuous development of Hengqin Free Trade Zone, Zhuhai is expected to maintain stable growth in both economy and tourism, and create favourable conditions for the stable growth of the Group's hotel-related operations. As for such operations, the Group will fully capitalise on its brand awareness as a listed company, beef up the publicity and promotion of its hotels, continue to explore local business resources to forge long-term cooperation ties on top of a stable existing clientele, and actively tap into other business opportunities during the off season of the hotel business.

As regards the exhibition services, the Group will further pursue opportunities for marketisation projects on top of maintaining the existing business. In the meantime, more investment will be made in the technology sphere to develop and promote the function of smart operations service, to enable "one click" digital management of exhibition activities with lower costs and better service performance.

As regards the business segment of hotel and exhibition services, the Group will capture the favourable timing of accelerated development of the Guangdong-Hong Kong-Macau Greater Bay Area, and fully leverage the geographic edge of Zhuhai as a popular tourist destination in China and a core city in the Greater Bay Area. It will vie for market opportunities to secure stable growth of its hotel operation, hotel management, hotel advisory and exhibition services segment, and seek potential market-oriented business opportunities for the segment so that the Group's revenue streams can be further diversified and widened.

(III) Financial services

Since 2016, the Group has been engaged in the financial services business. Due to such factors as stiff market competition, the Group's financial services segment recorded a loss over the past two years. Meanwhile, considering the negative impact of the COVID-19 epidemic on the economy and capital markets, the Group will stay attentive to the performance of the financial services segment with a comprehensive review on its business, to ensure its alignment with the interest of the shareholders of the Company.

(IV) Financial printing services

Since 2008, the Company has been engaged in providing financial printing services through its subsidiary iOne Financial Press Limited. In view of severe market competition, the segment recorded a loss for the past three years. In addition, considering the negative impact of the COVID-19 epidemic on the economy and capital markets, the financial printing services segment is anticipated for even tougher operation. The Group will remain attentive to the performance of the financial printing services segment with a comprehensive review on its business, and consider various possible solutions to ensure the interest of the shareholders of the Company is being served.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

MR. LI GUANGNING

Mr. Li Guangning, aged 48, has been appointed as an executive Director and chairman of the Board (the "Chairman") with effect from 21 July 2014. Mr. Li currently serves as the director and the general manager of Zhuhai Huafa, the single largest shareholder of the Company. In addition, Mr. Li also holds various positions in the subsidiaries of Zhuhai Huafa, including director and chairman of the board of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.) (a company listed on the Shanghai Stock Exchange (stock code: 600325)), Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532) and Zhuhai Huafa Investment Holdings Co. Ltd. (珠海華發投資控股有限公司) (formerly known as Zhuhai Financial Investment Holdings Group Co., Ltd. (珠海金融投資控股集團有限公司)) ("Huafa Investment Holdings") Mr. Li joined Zhuhai Huafa in 1993 and held various managerial positions in various subsidiaries of Zhuhai Huafa.

MR. XIE WEI

Mr. Xie Wei, aged 45, has been appointed as an executive Director, chief executive officer of the Company (the "Chief Executive Officer") and a member of the remuneration committee of the Board (the "Remuneration Committee") and the authorised representative of the Company with effect from 21 July 2014. Mr. Xie currently serves as a director and executive deputy general manager of Zhuhai Huafa. He also holds various positions in the subsidiaries of Zhuhai Huafa, including a director and the general manager of Huafa Investment Holdings. Mr. Xie is also a director of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 600325), and the vice chairman of the board of directors of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).

Executive Directors

MS. GUO JIN

Ms. Guo Jin, aged 48, has been appointed as an executive Director and a member of the Remuneration Committee with effect from 18 April 2018. Ms Guo graduated from South China Agricultural University in 1994 with a bachelor's degree in Economics. Ms. Guo joined Huafa Investment Holdings since May 2013 and currently serves as the executive deputy general manager. Starting from May 2014, Ms. Guo works as the director and president of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed in the Shenzhen Stock Exchange and its stock code is 00532. From August 2014, Ms. Guo also serves as the chairman of Zhuhai Higrand Technology Co., Ltd. (珠海華冠科技股份有限公司), a company listed in National Equities Exchange and Quotations in China (全國中小企業股份轉讓系統) and its stock code is 871447. Prior to joining Huafa Investment Holdings in May 2013, from 2002 to April 2013, Ms. Guo served as various management positions in the Bank of Communications Zhuhai City Branch and Bank of Communications Guangdong Province Branch. Ms. Guo has extensive experience and has been working in both banking and private investment fields for over 15 years.

MR. TZE KAN FAT

Mr. Tze Kan Fat, aged 46, has been appointed as an executive Director with effect from 28 June 2019. Mr. Tze obtained a Bachelor of Business Administration degree from the University of Hong Kong and a Master of Finance degree from the University of Hong Kong. Mr. Tze is a member of the Hong Kong Institute of Certified Public Accountants and is currently a licenced person to carry out type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO"). Mr. Tze joined the Company in March 2018 as a vice president and currently also hold positions in various subsidiaries of the Company as follows: (i) responsible officer of WAG Worldsec Corporate Finance Limited for type 6 regulated activity under the SFO; (ii) non-executive director of Huajin International Investment Management Limited; (iii) director of Huajin International Investment (Cayman) Limited; (iv) director of Huajin International Investment (Cayman) LP Limited; (v) director of Huajin International China Investment Limited; (vi) director of Huajin International Hong Kong Management Limited; (vii) director of Zhuhai Huajin Qihang Consulting Service Limited* (珠海華金啟航咨詢服務公司); (viii) director of Huajin International (BVI) Limited; and (ix) director of Huajin International Company Limited. Mr. Tze is also a senior management of company comprising Zhuhai Huafa Group Company Limited* (珠海華發集團有限公司) ("Zhuhai Huafa") and its subsidiaries. Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company. Mr. Tze has over 22 years of experience in the financial services industry and has held various senior management positions in corporate finance. Prior to joining the Company, Mr. Tze was a managing director in the corporate finance department of Yunfeng Financial Markets Limited and last held the position of executive director in the corporate finance department of RHB Capital Hong Kong Limited.

Non-Executive Directors

MS. ZHANG KUIHONG

Ms. Zhang Kuihong, aged 51, has been appointed as a non-executive Director with effect from 9 December 2015. Ms. Zhang holds a bachelor's degree in engineering. Ms. Zhang is a certified public accountant and certified tax adviser of the People's Republic of China (the "PRC"), as well as a Certified Internal Auditor. Presently, Ms. Zhang is a director and financial controller of Zhuhai Huafa. She is also the chairman of the board of supervisors of 珠海華發實業股份有限公司 (Zhuhai Huafa Industrial Co., Ltd), a company listed on the Shanghai Stock Exchange (stock code: 600325), which is the subsidiary of Zhuhai Huafa.

Prior to joining Zhuhai Huafa in November 2013, Ms. Zhang has been assigned by the Zhuhai State-owned Asset Supervision and Administration Commission (the "Zhuhai SASAC") since February 2007 to serve as a director and/or financial controller of various companies owned by the Zhuhai SASAC, including but not limited to Zhuhai Duty Free Enterprises Group Co., Ltd. (珠海市免稅企業集團有限公司), Zhuhai Water Management Group Co., Ltd. (珠海水務集團) and Zhuhai Public Transportation Group Co., Ltd. (珠海公共交通運輸集團有限公司), where Ms. Zhang was responsible for managing the financial risks of the relevant companies, financial planning as well as financial reporting to the management. During the period commencing from May 2011 to January 2012, Ms. Zhang also served as a supervisor of Zhuhai Huajin Capital Co., Ltd. (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 00532).

MR. SHONG HUGO

Mr. Shong Hugo, aged 63, has been appointed as the non-executive Director with effect since 15 September 2017. He is the founding chairman of IDG Capital. Mr. Shong is the non-executive director of IDG Energy Investment Limited (formerly known as "IDG Energy Investment Group Limited"), a company listed on the Main Board of the Stock Exchange (stock code: 650), Mei Ah Entertainment Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 391). He earned his M.S. degree from Boston University and completed the 151st session of the Advanced Management Program from Harvard Business School.

Independent Non-Executive Directors

DR. SUN MINGCHUN

Dr. Sun Mingchun, aged 49, has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, a member of each of the audit committee and nomination committee of the Board (the “Audit Committee”) (the “Nomination Committee”) with effect from 21 July 2014. Dr. Sun has served as chief economist of Haitong International Securities Group Limited (stock code: 00665) since November 2019. Dr. Sun has been appointed as an independent non-executive director of Great Wall Pan Asia Holdings Limited, a company listed on the Stock Exchange (stock code: 00583) with effect from 4 November 2016, an independent non-executive director of Weimob Inc., a company listed on the Stock Exchange (stock code: 02013) with effect from 30 July 2018. Prior to joining Haitong International Securities Group Limited, Dr. Sun held the positions as the chairman and chief investment officer of Deepwater Capital Limited, the senior partner and chief economist at China Broad Capital Co., Limited, the managing director, head of China research and chief Greater China economist at Daiwa Capital Markets Hong Kong Limited, the chief China economist, head of China equity research and managing director at Nomura International (Hong Kong) Limited and the senior China economist, vice president at Lehman Brothers Asia Limited. During the period from July 1993 to August 1999, Dr. Sun was also an economist of the State Administration of Foreign Exchange of the PRC. Dr. Sun is also currently the vice chairman of the Chinese Financial Association of Hong Kong and a member of the China Finance 40 Forum. Dr. Sun received a bachelor’s degree in international economics from Fudan University in July 1993. He also obtained a master’s degree in engineering-economic systems and operations research and a doctoral degree in management science and engineering from Stanford University in June 2001 and June 2006, respectively.

Independent Non-Executive Directors

DR. CHEN JIEPING

Dr. Chen Jieping, aged 67, has been appointed as an independent non-executive Director, the chairman of the Audit Committee, a member of each of the Remuneration Committee and the Nomination Committee with effect from 21 July 2014. Dr. Chen has over 16 years of experience in accounting. Dr. Chen is an independent non-executive director of Jinmao (China) Hotel Investments and Management Limited (stock code: 06139) since March 2014 and Saurer Intelligent Technology Co. Ltd. (stock code: 600545) since September 2017, which are listed on the Stock Exchange and Shanghai Stock Exchange respectively. Dr. Chen served as an independent non-executive director of Shanghai La Chapelle Fashion Co., Ltd. (stock code: 06116), a company listed on the Stock Exchange, from 2016 to October 2019. Dr. Chen also served as an independent non-executive director of Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), a company listed on the Shenzhen Stock Exchange, from 2013 to September 2019. Dr. Chen also served as an independent non-executive director of Industrial Securities Co., Ltd. (stock code: 601377), a company listed on the Shanghai Stock Exchange, from 2010 to March 2017. He was a professor of the China Europe International Business School from 2008 to 2018 and is currently an emeritus professor. He was also the head of the department of accountancy of the City University of Hong Kong from 2005 to 2008. Dr. Chen received a bachelor's degree in science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration from the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

MR. TSE YUNG HOI

Mr. Tse Yung Hoi, aged 67, has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, a member of each of the Audit Committee and Remuneration Committee with effect from 21 July 2014. Mr. Tse is currently the chairman and non-executive director of BOCI-Prudential Asset Management Limited and an independent non-executive director of Qianhai Financial Holdings Co., Limited (formerly known as "Shenzhen Qianhai Financial Holdings Co., Limited"). He was the deputy chief executive officer of BOC International Holding Limited from December 2002 to December 2012, and the deputy general manager of investment management and treasury of Bank of China in Beijing from October 1998 to December 2002. Mr. Tse currently serves as the standing committee member of the Chinese General Chamber of Commerce and permanent honorary president of Hong Kong Chinese Securities Association. He was the council member of HKSAR Financial Services Development Council (FSDC) from January 2013 to December 2018. Mr. Tse was awarded the Bronze Bauhinia Star (BBS) by the government of HKSAR in 2013. Mr. Tse graduated from English studies from the department of foreign language of Fudan University in July 1975.

Mr. Tse has been appointed as an independent non-executive director of Guoan International Limited (formerly known as "Global Tech (Holdings) Limited"), a company listed on the Stock Exchange (stock code: 00143) with effect from 11 March 2016, BOCOM International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 03329) with effect from 26 June 2014 and DTXS Silk Road Investment Holdings Company Limited, a company listed on the Stock Exchange (stock code: 00620) with effect from 16 November 2017 respectively. He was appointed as independent non-executive director of Vico International Holdings Limited (stock code: 01621) on 16 January 2018, appointed as independent non-executive director of China Tower Corporation Limited (stock code: 00788) on 3 May 2018 and appointed as independent non-executive director of Well Link Bank on 30 June 2018. Mr. Tse has resigned as an independent non-executive director of Huarong International Financial Holdings Limited, a company listed on the Stock Exchange (stock code: 00993) since 13 June 2016.

Senior Management

MR. WU JIANG
(Chief Financial Officer)

Mr. Wu Jiang, aged 47, has been appointed as a chief financial officer of the Company on 12 July 2017. Mr. Wu was also an executive Director and a member of the Remuneration Committee of the Company for the period from 12 July 2017 to 17 April 2018. He joined Zhuhai Huafa since March 2009, and currently serves as the chief financial officer for Zhuhai Huafa. Mr. Wu is also acting as the director of Zhuhai Huafa Commerce and Trading Holding Co., Ltd. (珠海華發商貿控股有限公司). Prior to current positions, Mr. Wu held various core management positions in the subsidiaries of Zhuhai Huafa, including the deputy general manager of Zhuhai Shizimen Central Business District Construction Holding Co., Ltd. (珠海十字門中央商務區建設控股有限公司), the deputy general manager of Zhuhai Huafa City Centre Construction Holding Co., Ltd. (珠海華發城市之心建設控股有限公司) and the Vice President of Zhuhai Huafa City Operation Investment Holding Co., Ltd. (珠海華發城市運營投資控股有限公司). Before joining Zhuhai Huafa, Mr. Wu also held the accounting and finance management positions in several companies of different industries starting from 1999. Mr. Wu graduated from Sun Yat-sen University with a bachelor's degree of Economics in accounting and auditing in 1993. He is a qualified accountant in China and has more than 18 years' extensive experience in audit, corporate finance and corporate strategy development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

Introduction

This is the Group's fourth environmental, social and governance report, which provides an overview of the Group's management of significant issues affecting its operations, including environmental, social and governance ("ESG") issues.

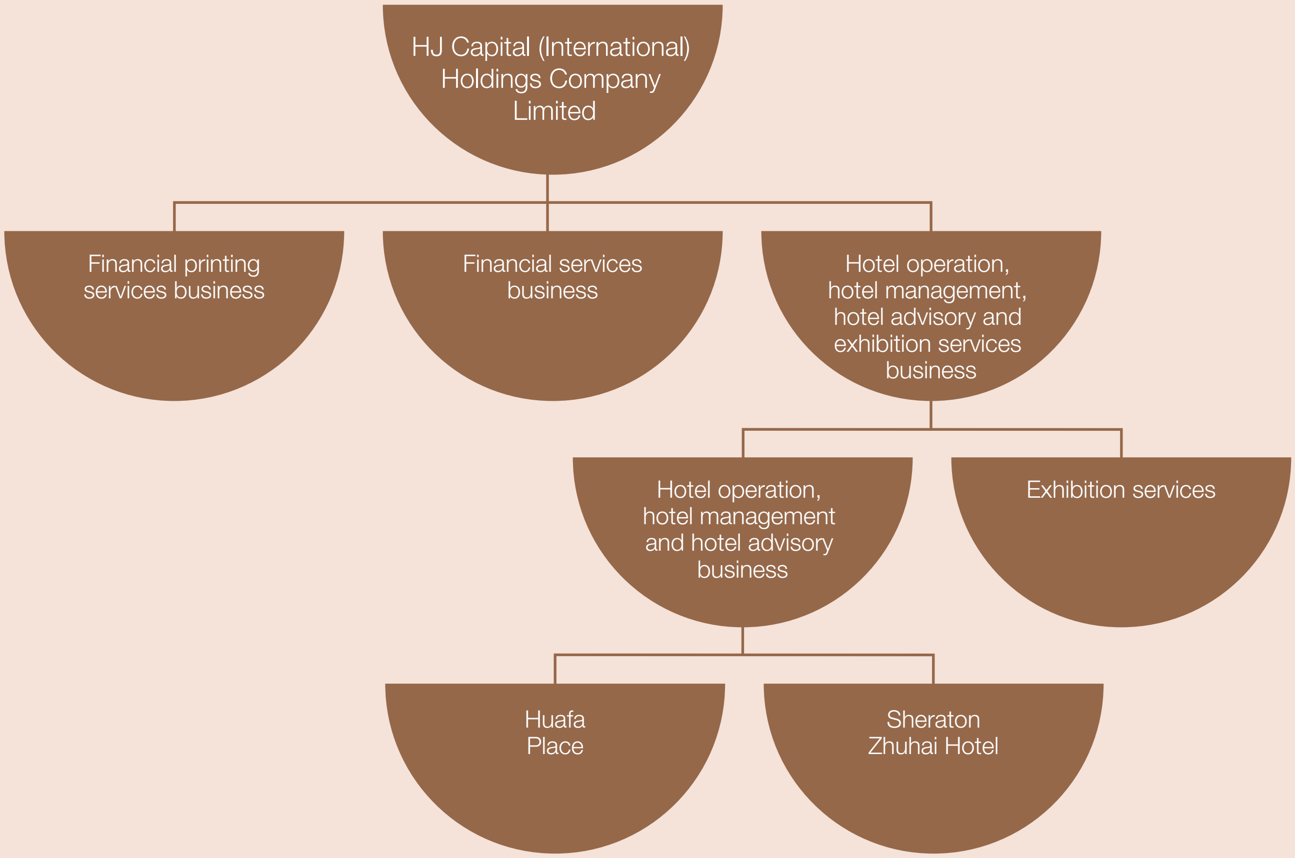
Reporting Year

The reporting period of the Report is from 1 January 2019 to 31 December 2019 (the "Reporting Period").

Scope and Boundary of the Report

Based on changes in the Group, we have adjusted our reporting scope by adding hotel operation, hotel management, hotel advisory and exhibition services to the business segments. Unless otherwise indicated, our reporting scope centres on the Group's major business and operation segments, which include:

- Financial printing services business in Hong Kong
- Financial services business in Hong Kong
- Hotel operation, hotel management, hotel advisory and exhibition services business in the People's Republic of China (the "PRC")



With its data collection system growing mature and its ESG work deepening, the Group works continuously to optimise its operations in line with disclosure requirements.

Reporting Basis and Principle

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules") issued by the Hong Kong Stock Exchange, and complies with the "comply or explain" provisions set out in the Listing Rules.

The Report is based on the following reporting principles:

- **Materiality**
  The Group determines ESG-related issues through stakeholder participation and materiality assessment. For details, please refer to "Stakeholder Participation and Materiality Assessment".

- **Quantification**
  The Group discloses measurable key performance indicators ("KPIs") from its historical data, to disclose the information on the standards, methods, assumptions or calculation tools used for disclosing quantitative data as well as the source of conversion factors used under viable conditions.

- **Balance**
  The Group worked, to the greatest extent, to prevent such selections, omissions or presentation formats that may inappropriately affect the decision-making or judgment by report readers in its disclosures.

- **Consistency**
  The Group is committed to adopting consistent disclosure and statistical methodologies for meaningful comparisons. When necessary, the Group will disclose any changes to the statistical methods or KPIs or any other relevant factors affecting meaningful comparison.

The information contained in the Report comes from the Group's official documents and statistics, and collated and synthesised from the monitoring, management and operations information provided by its subsidiaries according to the Group's relevant systems. The final chapter of the Report contains a complete content index for readers' quick reference. The Report is prepared in both Chinese and English. In the event of any discrepancy or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Information and Feedback

The Group values your opinion on the Report. Should you have any opinions or advices, please email us at inquiry@ione.com.hk.

ESG Management Approaches

The Board of the Group attaches great importance to the Group's ESG strategies, evaluates the ESG-related risks from the Group's operations, and procures the senior management to enforce a corresponding system for risk management and internal control. During the Reporting Period, the Group strictly complied with the laws and regulations in relation to the environment and society, including the environmental, employment and labour standards, staff health and occupational safety, anti-corruption (including bribery, extortion and money laundering).

Stakeholder Participation

The Group values the engagement of its stakeholders, including staff, customers, suppliers and other stakeholders. All of them materially influence the success of our business or activities. Set out below are the Group's relevant stakeholders. We actively communicate with every stakeholder through various channels, to monitor and manage our impact on all aspects of the environment and society.

Stakeholders	Stakeholders' Concerns	Communication Channels
Government/ Regulatory Authorities	• Compliance with laws and the Listing Rules • Proper tax payment • Facilitation of regional economic development and employment	• Company activities • Annual, quarterly and interim reports as well as other publicly available information
Shareholders and Investors	• Low risk • Return on investment • Information disclosure and transparency • Protection of shareholders' interests and fair treatment	• Annual general meetings and other shareholders' meetings • Company activities • Annual, quarterly and interim reports as well as other publicly available information • Websites of the Company and Hong Kong Stock Exchange
Customers	• Legal and quality service • Stable relations • Information transparency • Integrity • Business ethics	• Websites, brochures, annual and interim reports and other publicly available information • Credential • Email and customer service hotline • Social channels • Feedback forms
Peers and Industry Associations	• Experience sharing • Cooperation • Fair competition	• Industry conferences, exhibitions (such as the International Financial Annual Report Design Awards Ceremony) • Company activities • Website of the Company
Members of the Public and Communities	• Community involvement • Social responsibilities	• Volunteering • Charity and social investment

Materiality Assessment

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. By considering stakeholders' dependence and influence on the Group and its resources, the management has identified key stakeholders and surveyed them, who offered their opinions and recommendations on the issues on the Group's operation. Having consolidating the results of its internal assessment and surveys, the Group has concluded that the following issues are important for the year:

- Compliance with Laws and Regulations
- Customer Privacy and Information Confidentiality
- Business Ethics
- Customer Services Quality and Satisfaction
- Intellectual Property Rights
- Marketing and Labelling
- Retaining Employees
- Labour Rights
- Diversity and Equal Opportunities
- Employee Development and Training
- Occupational Health and Safety
- Labour Relations
- Anti-discrimination
- Social Contribution

Environmental

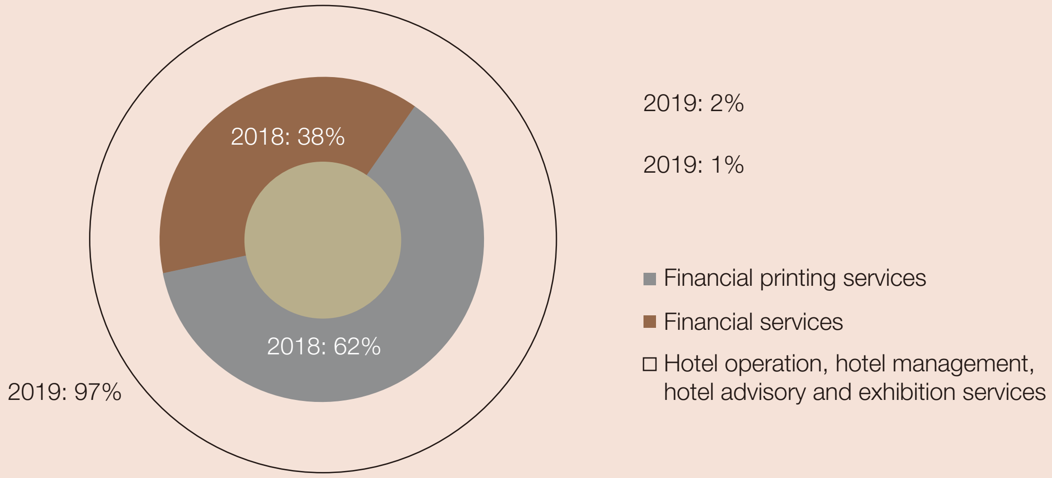
In formulating its ESG approaches and policies, the Group prioritised the work on environmental protection, undertakes to considering environmental factors at the management and operation levels, identifies the environmental impact of its business, and actively seeks opportunities for energy conservation and carbon reduction, so as to achieve a balance between business development and ecological protection. The Group complies with relevant environmental laws and regulations in Hong Kong and Mainland China, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong), the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) and Environmental Protection Law of the People's Republic of China. During the Reporting Period, the Group was not aware of any material illegal or non-compliance issue that had a significant impact on the Group.

Emissions

Financial printing services and financial services mainly take place in offices. The main categories of emissions from our business operations are greenhouse gas emissions and solid wastes due to office power consumption. During the Reporting Period, the emissions of our hotel operation, hotel management, hotel advisory and exhibition services mainly comprised the greenhouse gas emissions from electricity consumption of buildings and equipment and from the fuel consumption of vehicles and kitchens. Relevant activities were not involved in material air pollutant emissions, with no significant impact on the environment.

Greenhouse Gas Emissions

We strive to take active steps to tackle climate change, with the best efforts to reduce risks on our society in the most effective way. The Group is taking action to mitigate the greenhouse gas emission from its business operations. We have implemented energy-saving measures described in the section headed "Use of Resources". In 2019, the hotel operation, hotel management, hotel advisory and exhibition services constituted the main sources of greenhouse gas emissions of the Group, accounting for 97% of its total emissions.



Below sets out the greenhouse gas emissions[1] of the Group by scope and by business:

	Unit	Financial Printing Services 2019	Financial Printing Services 2018	Financial Services 2019	Financial Services 2018	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services[2] 2019	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services[2] 2018
Scope 1[3]	thousand tons of carbon dioxide equivalent	**0**	0	**0**	0	**3.76**	–
Scope 2[4]	thousand tons of carbon dioxide equivalent	**219.10**	206.03	**127.80**	123.52	**11,022.99**	–
Scope 3[5]	thousand tons of carbon dioxide equivalent	**8.65**	7.69	**0.22**	7.68	**98.16**	–
Total Greenhouse Gas Emissions	thousand tons of carbon dioxide equivalent	**227.75**	213.72	**128.02**	131.20	**11,125.05**	–
Intensity of Greenhouse Gas Emissions	thousand tons of carbon dioxide equivalent	**per square meter 0.10**	per square meter 0.16	**per square meter 0.13**	per square meter 0.13	**nights per room 0.05[6]**	–

The intensity of greenhouse gas emissions for our financial printing services and financial services in 2019 remained unchanged as compared with 2018. Greenhouse gas emissions are mainly the emissions from electricity consumption (Scope 2). The rest were indirect emissions from employees' business travels by air (Scope 3). To reduce emissions, we have implemented a series of electricity-saving measures (detailed in the section headed "Use of Resources"). In addition, we minimised unnecessary overseas business trips. If necessary, all our staff would take the economy class whenever they go on business trips to minimise carbon emissions. In 2019, the greenhouse gas emissions from our hotel operation, hotel management, hotel advisory and exhibition services were also chiefly related to electricity consumption (Scope 2), followed by employees' business travels by air (Scope 3) and diesel and gas consumption (Scope 1).

Going forward, the Group will continuously monitor its greenhouse gas emissions, and improve its collection and inspection efforts on such emissions.

1 Greenhouse gas emissions are calculated with reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong issued by the Environmental Protection Department, the Sustainability Report 2018 of HK Electric Investments and the Average CO_2 Emission Factors of Chinese Regional Power Grids in 2011 and 2012

2 To simplify the presentation, the data of the hotel, Huafa Place and relevant offices are reported on a combined basis

3 Scope 1: Emissions generated directly from business operations owned or controlled by the Company

4 Scope 2: "Indirect energy" emissions from the Company's in-house consumption of purchased or acquired electricity, heating, freezing and steam

5 Scope 3: Covering all other indirect greenhouse gas emissions outside the Company, only including the indirect emissions from employees' business travels by air

6 A total of 233,334 nights in the rooms of the hotel and Huafa Place in 2019

Waste Management

The Group's waste management strategy focuses on waste reduction, recycling and reuse, aiming to reduce the impact on the environment while saving operating costs. Although we have no self-operated printing-related facilities for our financial printing services, our daily work requires considerable consumption of paper, either for printing contract orders, compiling, printing and proofreading or for clients' review, which affects the environment. The waste generated from the office operation of each business unit is mainly toner and office paper. The waste generated by the hotel business includes batteries, general domestic waste and paper-made products. In order to protect the environment, we have formulated policies to minimise the waste of paper and other resources.

Waste Management	
Office Paper	• We calculate and monitor our wastes by referring to the monthly reports of Secure Information Disposal Services Limited (SSID). For example, we monitor the effect of our environmental protection by calculating the amount of A4 paper ordered each year and that of used paper recycled each year. • Colleagues put the double-printed paper into red bags for recycling, and the recycling company regularly collects waste paper for recycling, so as to reduce the greenhouse gases emissions and office wastes. • We encourage double-sided printing and the use of electronic documents to minimise paper printing. • We consider reminding our clients or staff in emails to minimise email printing, to reduce paper consumption and carbon emission
Large Office Furniture	• To provide a comfortable office environment to our colleagues and clients, the administration department conducts regular checks and audits on all our office furniture. We would first explore the possibility of refurbishment or repair for any defects spotted. For example, we engage skilled workers to check and refurnish the leather-like chairs reserved for clients or cabinets. The furniture will be discarded only if such refurbishment or repair proves impossible. • We donate some usable but depreciated furniture to charitable organisations.
Computers	• In addition to the preparation of announcements and documents for our clients, graphic design is also one of our key businesses. In order to meet the various needs of our clients, we must keep abreast of the times and adopt the most cutting-edge computer equipment. Old computers of the design team are still effective for use in daily office work. To avoid wastage, we would donate such computers to non-profit organisations.
Toner	• We store the used toner cartridges of printers and arrange for suppliers to recycle the cartridges regularly, to reduce wastes.
Battery	• The batteries of our hotel business are stored in the current locations.
Stationery	• We also monitor the stationery consumption by our colleagues. We have an old-for-new practice for replacing such consumables as correction pens and highlighters, to reduce incomplete consumption of such items before their disposal.

Below sets out the Group's waste generation by business:

	Unit	Financial Printing Services 2019	Financial Printing Services 2018	Financial Services 2019	Financial Services 2018	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services 2019	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services 2018
Hazardous Waste[7]	metric ton	**0.00**	0.01	**0.01**	0.01	**0.24**	N/A
Non-Hazardous Waste	metric ton	**0.00**	31.51	**1.58**	2.22	**82.66**[8]	N/A

The Group will continue to implement the above waste management measures and continuously improve the methods of waste data collection and monitoring.

[7] Including toner and batteries

[8] Including office paper and general domestic waste

Use of Resources

The Group advocates environmental protection in its daily business operations, with multiple environmental protection measures in place in its office premises. We mitigate the negative impact of our office operations on the environment by making optimal use of resources, including paper, toner cartridges, electricity and water, as well as categorised resource recycling.

Resource Management	
Water	Office • Since the property management office takes care of water consumption, there is no problem on seeking appropriate water source. We remind our colleagues to avoid wastage by posting the "Save Water" sign • We replace bottled potable water with water filters. The building's management office has rendered the faucets of our toilets to release water for shorter durations and at less amount, in a bid to save water Hotel and Huafa Place • Huafa Place worked to reduce the overall water consumption by installing water-saving devices in shower equipment during the year, to reduce such water consumption by 10% • In terms of hotels, we regularly check the leakages of our water equipment and pipes, with water-saving devices installed in our toilets and other equipment; the sewage produced by our kitchens is cleaned, recycled and reused by a third-party company
Recycling Bins in place	• We put recyclable items such as paper, plastics, aluminium, CDs and batteries into the recycling bins provided by the building, and separate such items into paper, plastics, glass and metals
Electricity	Office • We control the temperatures of indoor air conditioners • We use energy-saving light bulbs and electrical appliances with the environmental-friendly label • We post reminders for our staff to switch off devices before their departure. Furthermore, an automatic power-off switch is installed in the pantry to save energy and reduce the risk of danger • Some elevators are shut down during non-office hours to reduce power consumption Hotel and Huafa Place Huafa Place • We analyse our energy management system, replace LED lighting and install the energy management system according to our electricity consumption from the previous year. Our relevant electricity charge has been reduced by approximately 10%

Sets out below is the energy consumption data of the Group by business:

		Financial Printing Services		Financial Services		Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services	
	Unit	**2019**	2018	**2019**	2018	**2019**	2018
Water Consumption	cubic metre	**N/A**	N/A	**N/A**	N/A	**248,344.37**	N/A
Intensity of Water Consumption	cubic metre	**N/A**	N/A	**N/A**	N/A	**nights per room 1.06**	N/A
Energy Consumption	kWh	**273,870.00**	260,796.00	**159,744.00**	156,352.00	**33,430,909.66**	N/A
Intensity of Energy Consumption	kWh	**per square meter 123.77**	per square meter 189.51	**per square meter 163.68**	per square meter 160.20	**nights per room 143.27**	N/A

In terms of water consumption, as the water for financial printing services and financial services is managed by the property management company, the actual water consumption data cannot be obtained. Our hotel advisory, hotel management and exhibition services mainly provide domestic water for residents. All business water is provided by a third-party water supply company, thereby leaving no problem in seeking appropriate water source. In 2019, the hotel produced 12,000 metric tons of sewage. The sewage produced by the residents is processed by a third-party company. In 2019, a total of 120,000 metric tonnes were produced.

In terms of energy consumption, the energy consumption density of financial printing services and financial services in 2019 was not much different from that in 2018 (with a variation of approximately 2% to 5%). The Group's energy consumption mainly came from hotel operations, hotel advisory, hotel management and exhibition services, which included electricity, diesel and natural gas consumption.

Looking ahead, the Group will continue to monitor the use of its resources and improve data collection and monitoring.

Environment and Natural Resources

Despite the fact that the Group has insignificant impacts on the environment and seldom uses natural resources directly, we strive to improve the waste management mechanism. In order to reduce the damage on forests, our offices in Hong Kong use the Forest Stewardship Council (FSC)-certified paper and encourage double-sided printing of various types of documents. FSC tracks the entire process of wooden products from the forest to consumers, by developing standards for well managed forests and the standards of chain of custody for wood processing, so as to control the legal and sustainable source of the wood. The environment of our hotel and Huafa Place also has sufficient green areas to mitigate the impact of greenhouse gas emissions.

Social Aspects

Employment and Labour Practices

Employment

To stay competitive within the industry, the Group regards professional teams as its most valuable asset. There is a great demand for talents in our business. The Group has complied with the relevant laws and regulations in Hong Kong and Mainland China, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong) and the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on Mediation and Arbitration of Labour Disputes (《中華人民共和國勞動爭議調解仲裁法》), the Employment Promotion Law of the People's Republic of China (《中華人民共和國勞動就業促進法》) and the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》). The Group adheres to its principles and strictly abide by regulations when it comes to recruitment, promotion and dismissal, work and rest hours, equal opportunities, cultural diversity and anti-discrimination. It also puts the principles into practice which include openness and fairness, staff matching, priority to internal staff and prevention of employment of relatives. Employees' working hours are set in strict compliance with relevant local laws and regulations of the place where the Company operates its business. The Group never employed minors or forced labours or paid a basic salary below the minimum level. During the Reporting Period, there was no material illegal or non-compliance issue that had a significant impact on the Group.

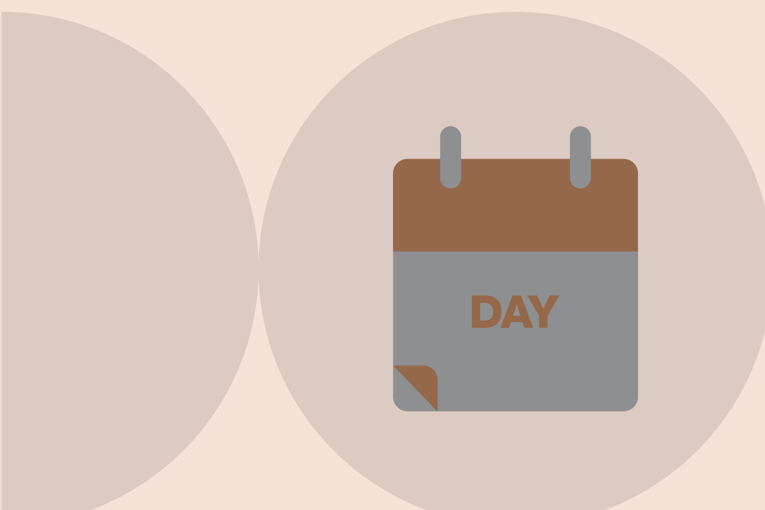
The Group's administration and human resources departments have formulated comprehensive human resource policies, and expressly stated the same in its Staff Manual/Staff Information, to allow the staff to understand the rules of human resources affairs. In addition to compliance with basic labour laws, the Group also formulates and implements human resource policies when necessary and provides benefits better than those required by laws to recruit, retain and develop a top-notch team.

Remuneration

We provide our staff with competitive remunerations, including salary, commission, bonus and other allowances, as well as the retirement benefit scheme. The Group determines staff remuneration packages according to common market practice, staff duties and the Group's financial results. The Group formulates salaries and salary review policies based on internal relativity which is established in line with a qualifications benchmark system among different rankings. Under the system, the Group determines the starting salary for individual entry rank with reference to the remuneration level of similar positions in the market, taking into account other factors related to the nature of the work.

Leaves and Welfare

The Group's staff welfare is better than those required in regulations. Our employees are entitled to not only annual leaves and leaves for long-term service, but also the types of leaves that exceed the requirements of regulations, such as paternity leave, breast feeding leave and birth control leave. We have set up a defined contribution plan for our Hong Kong staff in accordance with the Mandatory Provident Fund Schemes Ordinance, and have provided them with medical insurance. Employees in Mainland China are entitled to social insurance, housing provident fund, medical benefits, staff meals, staff quarters and subsidies for years of service.



Communication with Staff

To facilitate communication between the management and employees, the Group engages staff members in a variety of recreational activity to boost their morale. We are committed to enhancing the quality of life for our staff, their families and the community, and put the objective of work-life balance into practice while seeking to create a harmonious workplace and enhance staff loyalty. Such activities can also provide more opportunities for the management to reach out to average staff, and increase communication channels to increase mutual understanding. The Group usually adopts different types of communication channels, such as email, telephone, instant messaging software, conference and group lunch. Besides, in order to better understand the needs of staff as well as maintain a good relationship with each other and effectively solicit their opinions during the operation of Company, a range of different communication channels are arranged as follows:

(1) Staff opinion survey: Staff suggestions and views are solicited in writing or face-to-face interview with respect to business and management, to effectively solve the focal problems to the staff's concern;

(2) Staff meetings: Staff meetings are convened regularly, where leaders led the management personnel to communicate with employees on the strategic plans, policies and operation status of Huafa Place;

(3) Staff talks: to allow employees to give timely feedback to the management on various problems they have encountered during their work and to reach quick and effective discussion and solutions, the Company organise regular face-to-face talks between the management and employees;

(4) Employee bulletin board: the Company has set up the employee bulletin board at designated locations to post the information about staff activities, promotion and appointment training, notices, as well as announcements, rules and regulations or policies of Huafa Place;

(5) Free speech activities: to build a bridge of communication between employees and the management, the Company has set up an staff suggestion box, WeChat platform and QQ group for employees to propose their different opinions and suggestions on operation management, internal policies and working methods;

(6) Employee complaint procedure: for the purpose of making all employees' complaints to be resolved in a timely and fair manner and create a good working and personal development environment for employees and establishing a sense of belonging for them, the Company encourages employees to report their own experience to their superiors, management personnel, the human resources department and even the general manager of the Company on a level-by-level basis. When superiors are unable to solve the problems, they can report in the form of feedback to the management above them, and undergo an appeal procedure in the abovementioned order until the final decision can be made by the general manager.

Set out below is the number of staff in each business segment and the turnover rate of the Group as of 31 December 2019[9]:

		Financial Printing Services	Financial Services	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services
Headcount	**By Gender**			
	Male	67	24	325
	Female	83	25	338
	By Age Group			
	Below 30	43	13	335
	30-50	75	32	283
	Above 50	32	4	45
	By Employment Type			
	Full time	148	49	604
	Part time/Internship	2	–	59
	By Region			
	Hong Kong	150	49	2
	Mainland China	–	–	660
	Other regions	–	–	1
	Total	150	49	663
Annual Turnover Rate[10]	**By Gender**			
	Male	28%	11%	34%
	Female	27%	7%	34%
	By Employees' Age Group			
	Below 30	7%	7%	39%
	30–50	34%	6%	30%
	Above 50	30%	33%	8%
	By Region			
	Hong Kong	27%	9%	–
	Mainland China	–	–	34%
	Other regions[11]	–	–	80%
	Total	27%	9%	34%

9 The data are presented by business due to the change in the scope of report for the year. As the data only cover major business segments, the number of employees may not be consistent with that in the annual report.

10 Turnover rate = number of departures in the year / (number of departures in the year + headcount at the end of the year)

11 Other regions include Malaysia and Singapore, number of departures in the year is 4 and headcount at the end of year is 1.

Health and Safety

The Group complies with health and safety-related regulations in accordance with the Occupational Safety and Health Ordinance of Hong Kong and similar regulations of Mainland China, and formulates provisions on environment control and hygiene for workplace. During the Reporting Period, there was no material illegal or non-compliance issue that had a significant impact on the Group.

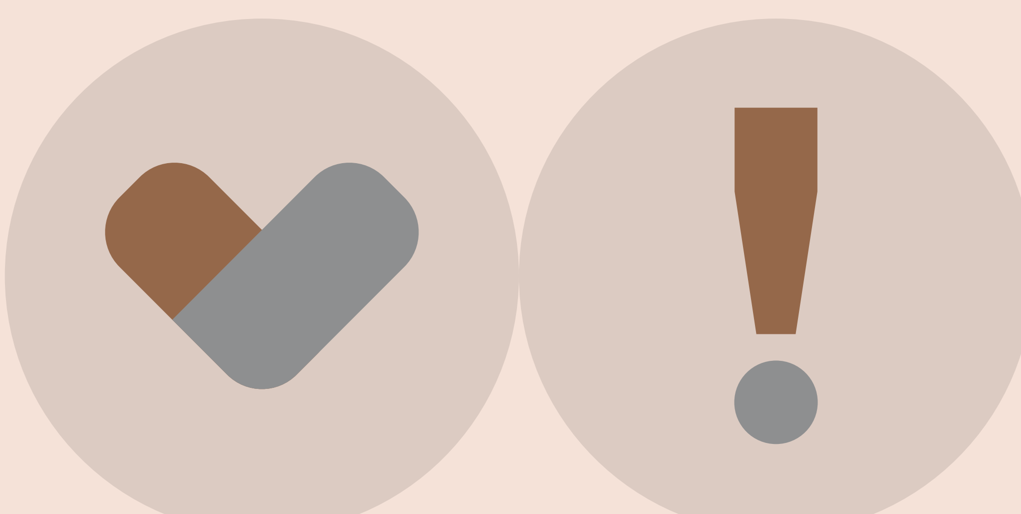
Financial Printing Services and Financial Business Segments

Offices are the environment where our staff stay for a long time and where poor indoor air quality can cause physical illnesses and poor health (such as headache, itchy eyes, breathing difficulties, skin allergies, fatigue or vomiting), which can even lead to high absence rates and low production efficiency. On the contrary, good indoor air quality can make them feel more comfortable and stay healthy.

The Group implemented a series of measures to improve indoor air quality, such as regular air quality testing, air cleaners, regular cleaning of ventilation systems, water-cooled air conditioning systems and enhancement of air circulation in offices. In order to reduce the chance of respiratory tract infections among the staff, we will issue an influenza notice when necessary and enhance preventive measures such as provision of hygiene masks and hand sanitisers for staff to use at any time.

In addition, the Group has carries out carpet cleaning and pest control and disinfection to allow members of staff to work in a clean environment which also helps improve their health. Besides, new office chairs are also purchased for those who need to replace seats, so that staff can work in a comfortable environment with fewer occurrences of accidents. As for workplace lighting, we arrange for weekly lamp inspections to ensure that staff can work with comfortable lighting. Furthermore, shade curtains are also installed in our windows to prevent sunrays from reflecting on staff computers and causing harm to their eyes.

The Group also ensures adequate and unlocked first-aid facilities in its workplace, with all emergency exits unimpeded and unlocked. Besides, staff members receive training on fire safety knowledge to raise their fire precaution awareness. Our business units held safe production inspections, fire safety knowledge training and fire drills on a regular basis.



Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services Segment

Hotel Advisory and Hotel Management

We are attentive to occupational safety and actively comply with relevant laws and regulations to ensure the safety of our employees in the workplace. Huafa Place strictly abides by the Measures for the Administration of National Occupational Health Standards (《國家職業衛生標準管理辦法》), the Measures for the Administration of Preventive Health Examinations (《預防性健康檢查管理辦法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Regulations on the Labour Protection of Female Employees (《女職工勞動保護規定》). By taking into account the above regulations and their workplace conditions, Huafa Place has formulated the Regulations on the Administration of Occupational Health Examinations (《職業性健康檢查管理規定》) and the Regulations on the Forbidden Scope of Work for Female Employees (《女職工禁忌勞動範圍的規定》), which set out the definition of those who must undergo occupational health examinations and the explanations for circumstances where female employees should avoid in order to protect their physical and mental health as well as safety. We believe that our current policy can provide more considerate and appropriate health protection for our employees.

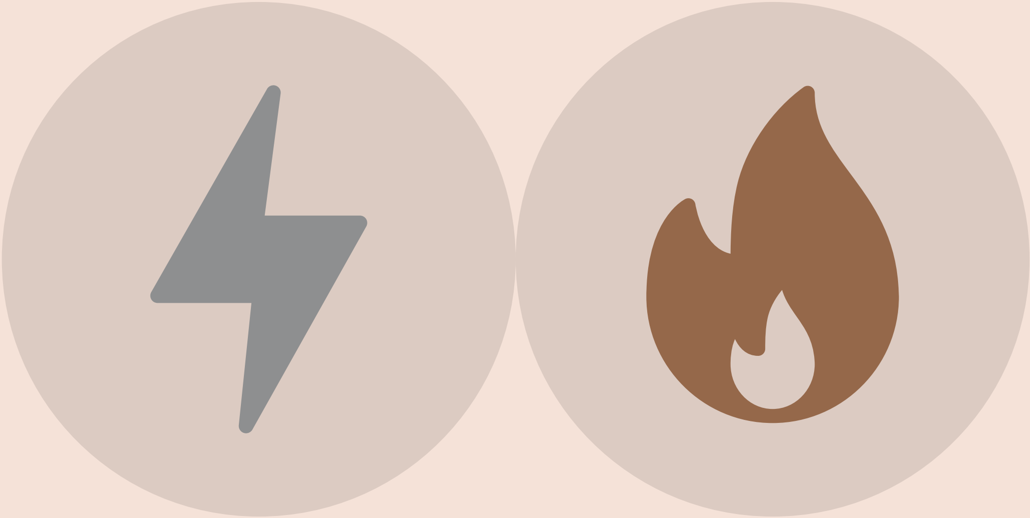
We also conscientiously implement the requirements of relevant laws and regulations, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Administrative Measures for Emergency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》), to prevent work safety accidents and ensure that rescue can take place quickly, effectively and orderly in the event of accidents, so as to control the situation, prevent the spread of accidents and ensure the personal and property safety of our employees.

We have formulated a series of relevant policies, including the Regulations on Work Safety Responsibilities (《安全生產職責規定》) and the Work Safety Meeting System (《安全生產會議制度》), which classifies safety production meetings as routine, quarterly and annual meetings that should incorporate the following contents:

- Communicate the documents, instructions and notices of the superior work safety management in the monthly meeting
- Check the completion of assignments from the regular meeting of the previous month, and listen to the safety production management of each company in that month
- Exchange work experience on safety production
- Arrange follow-up safety production tasks
- Check the rectification of potential safety hazards and put forward suggestions for further rectification of accidents and hazards
- Engage the participants to learn the laws, regulations and professional knowledge on safety production management

In order to comprehensively improve the employees' occupational safety awareness, we have formulated the Safety Production Education and Training System (《安全生產教育培訓制度》), and arranged the corresponding training for our employees in relation to the professional knowledge, technology, major hazard source management, occupational hazards and corresponding preventive measures, accident prevention, emergency management, rescue organisation and accident investigation and treatment in accordance with national safety production approaches, policies, laws, regulations and rules. As for the employees prone to accidents within the business scope, the Company has specially established the Management System for Special Operation Personnel (《特種作業人員管理制度》), which provides clear definitions for the safety production responsibilities and daily management requirements of special safety personnel, so that such personnel can also carry out daily work under clear guidance.

We have also formulated the Safety Facilities and Equipment Management System (《安全設施設備管理制度》), the Electricity Safety Management System (《用電安全管理制度》) and the Labour Protection Supplies Allocation and Management System (《勞動防護用品配備和管理制度》), so as to minimise the likelihood of employees encountering dangers when using the Company's facilities and equipment under clear guidance. In addition, the Company has also formulated a series of policies in terms of accident prevention and response, such as the Management System of Fire, Explosion and Toxin Prevention (《防火防爆防毒管理制度》), the Safety Production Inspection and Hazard Rectification (《安全生產檢查及隱患整改》), the Accident Reporting, Investigation and Handling System (《事故報告和調查處理制度》) and the Fire Safety Management System (《消防安全管理制度》), to enable the Company to protect staff safety in a better way and lower the possibility of workplace accidents and the impact of accidents on daily business operations.



Exhibition Services Planning

In accordance with the laws and regulations on occupational safety in Mainland China and to protect the health of employees, we have prepared the Employee Safety Responsibility Statement of Zhuhai Hengqin New Area Huajin International Convention Services Company Limited (《珠海市橫琴新區華金國際會展服務有限公司員工安全責任書》) which sets out a series of measures to be followed by the person in charge of occupational safety and department heads to improve the employees' occupational safety awareness and self-protection ability, and provides guidance on the following aspects of occupational safety protection:

(1) Employees shall receive safety production and fire safety education and training to master the safety knowledge and emergency handling ability required in their own work;

(2) Check safety hazards in their own work space;

(3) Correctly use and maintain the office materials, facilities and equipment of their own posts;

(4) Employees must shut down all electrical equipment in their work space before leaving, to prevent short circuit of electrical wires;

(5) Employees are not allowed to operate against rules and risks, and have the responsibility of dissuading and stopping other people's violations;

(6) Employees may refuse to execute such commands that are against rules and report to the higher level;

(7) In case of any emergency that directly endangers personal safety, the employee has the right to stop the operation or withdraw from the operation site after taking possible emergency measures.

Below sets out the safety performance of each business segment of the Group as of 31 December 2019:

	Financial Printing Services	Financial Services	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services
Number and rate of casualties due to work relations	0.00	0.00	0.00
Days lost due to work injuries	26	0	139

Development and Training

The Group encourages its staff to pursue progress and continuous learning. In addition to on-the-job trainings provided at different departments, the Group has a policy of sponsoring its staff to further their study so as to improve their expertise. We also organise team activities, such as orienteering and problem-solving activities, to enhance the sense of belonging and responsibility among the staff. Through such activities, members of staff learn to accept and complement each other, and develop into a team with mutual trust and inspiration. Staff can also understand more about their merits and demerits in terms of personal growth.

In order to enable new employees to quickly adapt to the Company's environment and work positions and meet the needs of on-the-job employees, the hotel business provides diversified types of training for both new and old employees. The new ones are provided with induction training and other orientation. More seasoned employees continue to receive on-the-job guidance and be arranged for general training, professional training and business training as required by their functions.

The Group provides different types of training, including internal, external and job rotation.

- Internal training: classroom explanation, seminars, online learning, on-the-job guidance and other training conducted in the office or designated locations.

- External training: employees are selected to participate in training organised by external organizations or visit other enterprises. The external training includes external open classes, visiting and studying in external enterprises, etc.

- Job rotation: employees are assigned to work in other units of the Group.

During the Reporting Period, a total of 8,000 attendance of employees of the Group participated in different types of training, which amounted to about 38,000 training hours. Staff training data in 2019 are detailed as follows:

		Financial Printing Services	Financial Services	Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services
Percentage of employees trained[11]	**By Gender**			
	Male	4%	44%	98%
	Female	0%	60%	109%
	By Rank			
	Management	100%	38%	82%
	Manager	0%	56%	112%
	General staff	0%	51%	89%
	Frontline staff	N/A	N/A	110%
	Overall	2%	52%	104%
Average Training Hours[12] **(hour/person)**	**By Gender**			
	Male	0.30	0.66	4.62
	Female	0.00	1.02	5.11
	By Rank			
	Management	6.67	0.56	5.11
	Manager	0.00	0.88	6.45
	General staff	0.00	0.85	3.75
	Frontline staff	0.00	N/A	5.14
	Overall	0.13	0.84	4.87

11 Percentage of employee trained = total number of attendance of employees trained during the year/total number of employees of the year. Since the current data are based on the number of attendance of people, the result will be higher than the number of employees. Hence, some ratios are higher than 100%.

12 Average training hours = total number of attendance of employees trained in the year/total number of employees in the year

Labour Standards

The Group has zero tolerance over the employment of minors or forced labour or forced imprisonment or labour bound by illegal contracts, and has complied with relevant laws and regulations, including the regulations in the Employment of Children Regulations under the Employment Ordinance, the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Labour Law of the People's Republic of China (《中華人民共和國勞動法》). Before recruitment, the applicant's original identity documents will be checked and copy of which will be filed to ensure that his/her age and identity allow him/her to work legally. In addition, the Group's mainland business units have also prepared internal procedures to regulate recruitment methods and strictly abide by the provisions of national and local labour regulations. During the Reporting Period, there was no forced labour or such incident within the Group.

Operating Practices

Supply Chain Management

All business suppliers of the Group are generally engaged in information technology and telecommunication, properties, laws, materials, services provision, consumer goods, food and other commercial services, as well as office supplies. The Group believes that such suppliers will not pose major environmental and social risks to its business. Therefore, this section primarily relates to the supply chain management in respect of individual business. Overall, our purchase decisions are made according to the pricing, suitability and general reputation of suppliers.

Financial Printing Services Business

The Group promotes fair and open competition, with the decisions on engagement of services and procurement of materials made solely on the basis of prices, quality, service track record and demand. Major suppliers of our financial printing services are printing houses and translation companies. In the selection of suppliers, the Group would simultaneously request quotes from three suppliers as far as possible, as price is one of the most important considerations. In addition, quality also matters. For example, when selecting printing houses, we consider the suppliers' ability to deliver the printed products as scheduled, as well as the quality of such products (such as the existence of missing pages, stains or printing mistakes) and the records of punctual delivery; when selecting translation companies, apart from price, we also consider factors such as the fluency of translations and compliance with the requirements in terms of the time for revision of drafts. Purchase orders are jointly signed by the sales member who selects and employs suppliers and the manager of the finance department to ensure that relevant work proceeds according to normal procedures.

When selecting suppliers, the Company also takes into account environmental and social risk factors to ensure that the suppliers comply with local laws and regulations. Furthermore, they also should have solid business, as we require stable long-term partners. As we do not rely on one single supplier, we have different suppliers to choose from, to provide services for our clients.

We adjust our assessment on suppliers based on demands of different clients. For example, for the books of clients, we assign special staff (such as those from the design department) to printing houses for colour-checking and sample inspection. Printing products are generally monitored by our internal printing department, and sometimes followed up by our marketing department. In the course of printing, the printing department will arrange manpower to the factory for quality inspection.

We would assign staff to the printing houses for sampling or comprehensive inspection to ensure good quality. In general, clients mostly enter into one-year contracts with the Company. Where the supplier makes a mistake, we would request the supplier to replace the products for free. During the peak annual report season, we would mostly set printing targets in advance to estimate the number of suppliers required, to ensure no shortage of suppliers and general price hikes.

After a supplier is duly introduced, if any of its goods or services is found to be substandard against the Company's requirements or even constitutes a violation, we will require the supplier to provide immediate solutions such as immediate reprinting in the case of missing pages.

Hotel Operation, Hotel management, Hotel Advisory and Exhibition Services

In order to strengthen the overall management of suppliers and promote long-term stable supply of quality services and goods to the Company, we have formulated the Supplier Management System (《供應商管理制度》) and regulated the division of supplier management responsibilities of relevant departments within the Company. New suppliers are subject to a rigorous investigation and review process before their entry into the Company's qualified supplier list, which includes: (1) a preliminary review of supplier qualifications, such as checking supplier qualification documents, verifying their authenticity and meeting relevant laws and regulations; (2) supplier inspection: after passing the preliminary review, the suppliers will be assessed through multiple channels such as on-site inspection, telephone communication, online information query and supplier partners, with the final results presented in the form of a report. The inspection will score the suppliers according to the following aspects to ensure that they can provide quality materials or services to the Group: (1) the number and allocation of professionals; (2) service quality and supply capacity, (3) good financial and tax condition; (4) if the object of the inspection is food suppliers, the safety of food storage will be reviewed to ensure no expired food and hygiene; and (5) if the inspection object is materials suppliers, then their production process, quality control and workshop management will be assessed.

The Group will conduct an annual regular evaluation on all its supplier partners in the qualified supplier base, evaluate their quality, date, price, service of delivery through supplier questionnaires, on-site inspection and dynamic evaluation to understand the current situation, development planning, cooperation intention and daily transactions of the supplier company. If suppliers have significant problems in any of the above assessment areas, the Group will conduct irregular assessment to timely identify weaknesses and select good suppliers through management.

Unless there is no corresponding type of unit in the qualified supplier base for the procurement item or for special reasons, suppliers outside the base can be invited to participate in relevant selection procedures after being approved by the Company's leaders. In addition to business and competitive negotiation, at least three companies shall be selected from the qualified supplier base to bid for each purchase, and those who are evaluated as "excellent" in the supplier evaluation shall be selected preferentially and participate in the bidding only after the Company finishes its approval process.

During the Reporting Period, the hotel operation, hotel management, hotel advisory and exhibition services segment employed 621 suppliers, all of whom were from Mainland China.

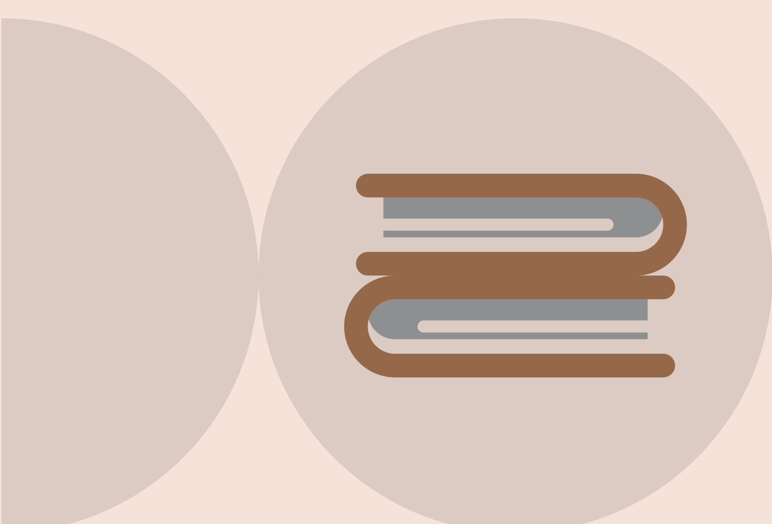
Service Quality

The Group endeavours to provide its target clients with premium services and offer them the best solutions at competitive prices, meeting their demands with excellent services beyond their expectation. In order to provide quality services to our clients, the Group has taken a series of measures in all aspects, including quality control of services, complaints handling and protection of client data. The Group complies with relevant laws and regulations, including Consumer Protection Legislations, the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Consumer Council Ordinance (Chapter 216 of the Laws of Hong Kong) and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). During the Reporting Period, there was no material illegal or non-compliance issue that had a significant impact on the Group.

Financial Printing Services

Quality Control of Service and Complaints Handling

We meet the highest standards required by local, regional and international clients in terms of quality, accuracy, reliability and delivery speed. We have close cooperation with each client to ensure service quality. Our clients can give their views to our customer service officers or marketing officers through email and dedicated hotline. We also have an opinion collection book in our meeting room for clients to write down their opinions, and our staff from the marketing department would communicate with our clients through meetings and meal gatherings. Generally, we would process clients' urgent complaints or comments within 24 hours. Issues related to our products are normally handled by our staff from the printing department and operation representatives. As for issues relating to clients' feedback, customer service representatives would collect opinions and raise them at regular meetings, so that each department can get to the bottom of the problems. We hold general meetings regularly, where department heads share the problems that have occurred or may occur during their work procedures and offer approaches for change, to enable effective cooperation among all departments. In receiving complaints or comments from clients, our sales representatives and printing department would provide timely follow-ups. If the problems lie in the products such as omission, we will arrange reprinting immediately and arrange manpower to the printing house for spot check. Such procedures are mainly taken up by the printing department, the marketing department and customer service representatives.



Protection of Client Data

Our virtual database has a high level of security and can be used to store and promptly transmit confidential information. Our business requires the processing of confidential information from time to time, such as legal documents, promotion booklets, annual reports and prospectuses. Over the years, we have been efficient and cautious in handling printing projects with sensitive information, which helped us build a good reputation in the business community.

Moreover, we strive to assist our clients to tackle complicated disclosure procedures imposed by the government, which helped us gain clients' trust and respect. We sign the Code of Sensitive Information Disclosure with our clients, supply chains and staff to ensure that all the documents and constitutions are kept confidential before publication and in compliance with disclosure procedures under relevant laws.

Staff	The Company requires a high standard of business ethics and good personal conduct on staff. Every new staff members would be given a Staff Manual which illustrates the code of conduct and staff behaviour.
Clients	We enter into confidentiality agreements and codes with our clients. Except the waived items listed in the undertaking letter, no confidential information would be disclosed to other third parties. The Group only uses the information for provision of services to clients and for no other purposes.
Suppliers	We have stringent management for our suppliers. In addition to timely delivery, the suppliers shall enter into confidentiality agreements before each delivery to ensure absolute confidentiality of the printing content. We maintain long-term and good partnerships with our printers and publish announcements in accordance with legal disclosure procedures.

Financial Services

We strictly comply with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Code of Conduct for Persons Registered with the Securities and Futures Commission, and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) through the establishment of internal control and operation codes. The Group strongly promotes electronic trading services on an on-going basis, such as rolling out the electronic application function for subscription of new shares and forms for electric account opening, so as to enhance our service efficiency and quality. During the Reporting Period, we received no complaint.

Protection of Client Data and Intellectual Property Rights

We have the information confidentiality system, the code of conduct for staff and confidentiality agreements in place to safeguard and preserve our clients' personal data. Besides, client data is duly stored in the confidential document cabinet to which only a few authorised officers can have access for inspection. We have also simplified the online trading platform and introduced the dual certification service to enhance online transaction security for our clients and reduce the risks of hacking. We take measures to prevent copyright infringement, including prohibiting the purchase of pirated products and the use of photographs without authorisation of third parties.

Hotel Operation, Hotel Management, Hotel Advisory and Exhibition Services

Service quality is a key component to successful hotel business. We are committed to improving customer satisfaction, ensuring and improving service quality, reducing service complaints, increasing staff awareness of quality and hotels, and creating excellent service, which comprise the core competitiveness of hotel operation. We have established a quality management system for the operation of Huafa Place. Our convention business unit has formulated a management system and measures for the marketing department to improve the standard procedures for brand management and business gifts management for clients, so as to provide high quality marketing services to clients.

Hospitality Service Quality Management and Complaints Handling

We have set up a hospitality quality management inspection team to regularly review and inspect the hospitality service quality and to supervise the hospitality service improvement to meet our hospitality service quality standards. To comprehensively ensure that our hotel can maintain good service quality, the inspection team evaluated and conducted categorised analysis in the following areas: staff working image and attitude, service standards and personal competencies, product quality, hotel environment, safety issues, internal management and staff discipline, and then proposed control objectives and methods for reference and improvement by each hotel department. During the Reporting Period, Huafa Place and the hotel received a total of 616 complaints mainly in relation to restaurants, services, prices, hygiene and facilities. Such complaints were handled according to the internal client complaint handling procedures and the reasons were reviewed for continuous improvement.

Guest Safety

We attach great importance to the safety of our guests, as one of the three gold standards of hospitality service quality states that "everything provided to guests must be safe and effective". As guests of our hotel, their personal and property safety is the top priority under our protection whether in daily life or in extraordinary times in our hotel. As staff of our hotel, they must understand their responsibilities in emergency, and stay alert to fire fighting and life-saving procedures. In addition, the hotel security department will also arrange night shift inspection and check safety of the hotel at night and report it in the form of a quality inspection daily report on the next day.

Protection of Client Data and Intellectual Property Rights

Both exhibition and hotel management services have formulated the Confidentiality Agreement, which requires the company representatives and employees to sign and confirm when they are employed. It clearly defines the content to be kept confidential, including all commercial secrets and information for which the Company undertakes confidentiality obligations to third parties. In case of any divulging, oral warning, written warning, demerit recording and dismissal will be given depending on the severity; in case of any loss to the Company caused by the divulging of confidential information to a third party or the use of the Company's confidential information, the Company may seek corresponding compensation from the staff; in case of any malicious divulging of the Company's confidential information to a third party, the Company has the right to hold the leaker and the third party liable for tort in accordance with the law, and claim compensation from the leaker and the third party for the losses suffered by the Company.

Anti-corruption

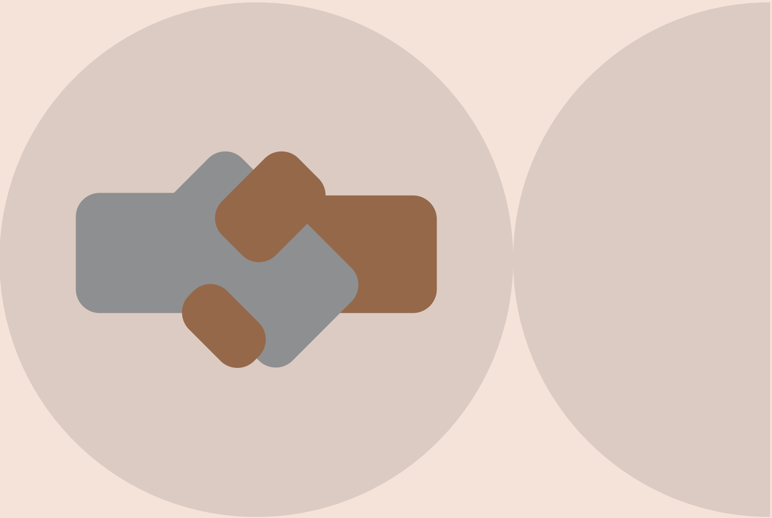
The Group maintains a high standard of business integrity throughout the operation and tolerates no corruption or bribery in any form. We effectively implement a comprehensive internal control system and stringent policies against corruption and fraud. We have complied with the relevant laws and regulations in Hong Kong and Mainland China, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong), the Contract Law of the People's Republic of China (《中華人民共和國合同法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正競爭法》) and the Interim Provisions on Banning Commercial Briberies (《關於禁止商業賄賂行為的暫行規定》). During the Reporting Period, there was no material illegal or non-compliance issue that had a significant impact on the Group.

Financial Printing Services

The Staff Manual of Human Resources sets out that employees of the Company shall not offer bribery, grant or receive any bonus, commissions or other similar illegal benefits which will affect business decisions to obtain business interest. The employees shall choose to trade with those who are impartial and for the benefit of the Company, and shall not require any person or company to accept gifts, entertainment activities or bonus which do not comply with the normal social etiquette and ethical business practices, including cash or coupons. Each staff shall avoid all improprieties. If they are required to accept gifts, entertainment activities or other concessions beyond the normal etiquette, they shall report to their supervisors in advance and obtain approval from their managers who are not involved in accepting such concessions, and there shall be an appropriate business reason for such approval. In order to enhance the anti-corruption awareness of the employees, the Group will send the internal code of the Company via email to each new recruit.

Financial Services

In response to international trends and supervision requirements on global anti-money laundering and counter-terrorist financing, we have formulated the Anti-Money Laundering Procedures Manual (《反洗錢程序手冊》). We continue to deepen the anti-money laundering system by adopting "risk-based" evaluation methods. Related standard operating procedures have been incorporated into self-inspection and internal audit items, with the confirmation of customer identities and continuous monitoring measures strengthened for high risk situations. Before establishing any business relationship, we need to fully complete due diligence for all customers to identify their identities, including collecting, updating and maintaining customer information. In addition, we invite legal experts and Independent Commission Against Corruption from time to time to provide anti-corruption trainings for our employees.



Hotel Operation, hotel management, hotel advisory and exhibition services

Staff shall also sign the Honesty, Integrity and Self-discipline Assurance Statement (《廉潔自律承諾書》) before executing the procurement projects, which states that the signatories shall not accept invitations to banquets and entertainment activities and gifts from companies or individuals that may affect the fairness of bidding/tendering and shall not seek illegitimate benefits by taking advantages of his/her position. On the other hand, signatories are not allowed to pay cash, donate valuable securities or other gifts except reasonable payments to the bid evaluation experts, or organise bid evaluation experts to participate in activities that may affect objective and fair supervision. Except for the above companies, no signatory shall treat bidding supervisors, offer gifts to them or organise other activities that may affect objective and fair supervision.

As for the Company and the supplier, both parties will sign the Transparent Procurement Agreement (《陽光採購協議》) to undertake that both parties shall comply with the requirements of relevant regulations voluntarily, including: the staff of the Company shall not ask for or accept suppliers' cash, kickbacks, gifts or other items; the personnel of the Company shall not accept any high-consumption entertainment from suppliers or use the materials, supporting equipment provided by suppliers by improper means, or take the materials and equipment as their own property or for sale. Nor shall the personnel take advantage of their position and work to seek improper benefits for themselves and their relatives, to regulate the staff's conduct in all aspects and eliminate any possibility of damage to the Company's interests or fraud.

Community

Community Investment

Over the years, the Group has been philanthropic and strived to be a good corporate citizen to help create a harmonious society. We have also encouraged our staff to actively participate in social service and care for the people in need. We will select donation recipients according to the operating philosophy and the activities of community organisations. Our beneficiaries include The Community Chest, Tung Wah Group of Hospitals and Yan Oi Tong.

The Group's management encourages the staff to take part in community service and motivate them to join in various volunteer activities. Our colleagues are more than ready to participate and even form their own teams in joining volunteer activities whenever available. Our staff members participate in The Community Chest Walk for Millions every year to support its fund-raising activities. We help the needy through donations and participation in charitable activities such as The Community Chest Walk for Millions, The Community Chest Dress Casual Day, The Community Chest Love Teeth Day, Flag Day and The Community Chest Green Day, etc. In addition, we spare no effort to raise funds by forming a team to participate in the charity run of Standard Chartered Marathon. Apart from donations to charitable organisations, we have also reached out to the education cause. We hope to cultivate the new generation to make contribution to our society, by making donations to the Vocational Training Council for Outstanding Industrial Attachment Scholarship.

During the Reporting Period, our major donations were mainly to help the need in society. We made donations through our support to the activities of The Community Chest, which would donate to other institutions. The staff from our hotel business unit visited the nursing home during the Mid-Autumn Festival, and organised a "Run for Gifts" event in cooperation with sister hotels in Hengqin Wetland Park (橫琴濕地公園).

The breakdown of our community investment is set out as follows:

	Unit	**2019**	2018
Total number of participants	Person	**78**	167
Total hours of volunteering	Hour	**212**	219
Total amount of donations (Hong Kong)	HK$	**5,425**	113,000
Total amount of donations (China)	RMB	**18,818**	–

Rewards and Recognition

Huajin Financial (International) Holdings Limited

Name of Award/Achievement	Issuer
Hong Kong Awards for Environmental Excellence	The Environmental Campaign Committee in Hong Kong
Caring Company	The Hong Kong Council of Social Service
Wastewi$e Certificate	The Environmental Protection Department of Hong Kong
Energywi$e Certificate	The Environmental Protection Department of Hong Kong
Good MPF Employer e-Contribution Award MPF Support Award	The Mandatory Provident Fund Schemes Authority of Hong Kong

Zhuhai Hengqin New Area Huajin International Convention Services Company Limited

Name of Award/Achievement	Issuer
Organisers with Potential in 2019	The Guangdong Fairs Organizers Association

Huafa Place

Name of Award/Achievement	Issuer
The Grand Awards for China's Best Conference & Exhibition Hotels	China Hotel Golden Horse Award
The 14th International Hotel Platinum Award	Best Hotel Service Award
2019 Zhuhai Building Energy-Saving and Green Building Demonstration Project	2019 Zhuhai Building Energy-Saving and Green Building Demonstration Project
Ctrip Reputation List	Selected and Quality Hotels in 2019

Sheraton Zhuhai Hotel

Award/Achievement	Issuer
Niche Media: 2019 Zhuhai-Macao Life Awards/ Best Hotels of the Year	Zhuhai Xiaozhong Network Technology Co., Ltd.* (珠海小眾網路科技有限公司)
Niche Media: 2019 Zhuhai-Macao Life Awards/ Best Cafeterias	Zhuhai Xiaozhong Network Technology Co., Ltd.
Niche Media: 2019 Zhuhai-Macao Life Awards/ Best Canton Morning Tea Brands	Zhuhai Xiaozhong Network Technology Co., Ltd.
The 14th International Hotel Platinum Award/ Best Conference and Exhibition Hotels	International Hotel Forum Organization (IHFO)
2019 Golfers' Choice Awards/Popular Choice Conference Hotels	GOLF VACATIONS magazine
2019 Greater Bay Area Hospitality Awards/ Exhibition and Conference Hotel of the Year	People's Tribune of People's Daily and jiemian.com
Best Urban Resorts in 2019 Best Hotel and Resort Awards by the Fashion Travel magazine	Fashion Travel magazine
Huafa & CPAA Grand Theatre/2019 Best Cooperation Award	Huafa & CPAA Grand Theatre
The Most Popular Parent-child Theme Hotels of the Year	Hotels New Media Alliance
"Hotel Design · Design Hotel"/Most Artistic Business Design Hotels in 2019	Co-hosted by the International Hotel Leadership Organization, Shenzhen Decoration Industry Association, Zhonglianyun One-stop Hotel Service Platform (中鏈雲酒店產業配套平台) and WAD World Youth Designer Conference
Sheraton Zhuhai Hotel, recipient of the Best International Business Travel Hotel Awards of China's Top 100 MICE Hotels in 2019	Co-hosted by the China Conference magazine, China Purchasing Manager Association (採購中國經理人協會) and the business travel purchasing network (商旅採購網)

Environmental, Social and Governance Report Index of Hong Kong Stock Exchange

Subject Areas/Aspects/Key Performance Indicators (KPIs)		Section/Statement
Subject Area A – *Environmental*		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes	Emissions
KPI A1.1	The types of emissions and respective emissions data	Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
KPI A1.5	Description of measures to mitigate emissions and results achieved	Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (000' kWh) and intensity (e.g. per meal)	Use of Resources

Subject Areas/Aspects/Key Performance Indicators (KPIs)		Section/Statement
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit of production	N/A: The Group has no packaging materials
Aspect A3: Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environment and Natural Resources
Subject Area B – *Social*		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Employment

Subject Areas/Aspects/Key Performance Indicators (KPIs)		Section/Statement
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Health and Safety
KPI B2.1	Number and rate of work-related fatalities	No fatality
KPI B2.2	Lost days due to work injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities Note: Training refers to vocational training. It may include internal and external courses paid by the employer	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Labour Standards
KPI B4.2	Description of steps taken to eliminate such non-compliance practices when discovered	No non-compliance

Subject Areas/Aspects/Key Performance Indicators (KPIs)		Section/Statement
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Service Quality; As the Group is not engaged in product manufacturing, the issues of product health and safety, advertising and labelling has no significant impact on its business
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A: The Group has no product
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Service Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Service Quality
KPI B6.4	Description of quality assurance process and recall procedures	Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Service Quality

Subject Areas/Aspects/Key Performance Indicators (KPIs)		Section/Statement
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	No related case
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Anti-corruption
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus areas	Community Investment

REPORT OF THE DIRECTORS

The Directors are pleased to present their annual report, along with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

Principal Activities

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of (i) financial services in Hong Kong; (ii) hotel operation, hotel management, hotel advisory and exhibition services in Mainland China; (iii) financial printing services in Hong Kong; and (iv) since January 2020, property management services in Mainland China.

Business Review

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year and up to the date of this report, and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 13 to 24 of this report. In addition, discussions on the Group's environmental policies, relationships with its stakeholders, and compliance with relevant laws and regulations which have a significant impact on the Group are also included in the Management Discussion and Analysis, Corporate Governance Report and Environmental, Social and Governance Report of this report. The review forms part of this Report of the Directors.

Results And Dividend

The results of the Group for the year ended 31 December 2019 are set out in the Consolidated Statement of Comprehensive Income on page 108 of this report. The Board does not recommend payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

Closure Of Register Of Members

The register of members of the Company will be closed from Tuesday, 26 May 2020 to Friday, 29 May 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting to be held on Friday, 29 May 2020 ("AGM"), all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 May 2020.

Fixed Assets

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

Share Capital

Details of movements of the share capital of the Company during the year are set out in note 29 in the financial statements.

Distributable Reserves

There is no distributable reserves as at 31 December 2019 (2018: Nil).

Five Year Summary

A summary of the Group's results for each of the five years ended 31 December 2019 and the Group's assets and liabilities as at 31 December 2015, 2016, 2017, 2018 and 2019 is set out on page 8 of this report.

Pre-Emptive Rights

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

Directors And Directors' Service Contracts

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

Executive Directors:
Li Guangning (Chairman)
Xie Wei (Chief Executive Officer)
Guo Jin
Tze Kan Fat *(appointed on 28 June 2019)*

Non-executive Directors:
Zhang Kuihong
Shong Hugo
Qie Yan *(resigned with effect from 28 June 2019)*

Independent Non-executive Directors:
Chen Jieping
Sun Mingchun
Tse Yung Hoi

In accordance with bye-law 87 of the Bye-Laws, Mr. Li Guangning, Ms. Zhang Kuihong and Mr. Shong Hugo will retire at the forthcoming AGM by rotation. In addition, Mr. Tze Kan Fat, who has been appointed by the Board on 28 June 2019, will hold office until the forthcoming AGM pursuant to bye-law 86(2) of the Bye-Laws. All of the above Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

Mr. Qie Yan had tendered his resignation as a non-executive Director with effect from 28 June 2019. Mr. Qie has confirmed that he has no disagreement with the Board and there are no matters that need to be brought to the attention of the shareholders of the Company in respect of his resignation as the non-executive Director. The Board would like to take this opportunity to express its gratitude to Mr. Qie for his contribution to the Company during his term of services as the non-executive Director.

Mr. Li Guangning, Chairman and executive Director, entered into his service contract with the Company in 2014. His appointment was for an initial term of three years commencing on 21 July 2014 and was renewed for a further period of three years with effect from 1 April 2017 and 1 April 2020 respectively. During his three-year employment period, he has been entitled to a Director's fee of HK$120,000 per year effective from 1 April 2020 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Mr. Xie Wei, Chief Executive Officer and executive Director, entered into his service contract with the Company in 2014. His appointment was for an initial term of three years commencing on 21 July 2014 and was renewed for a further period of three years with effect from 1 April 2017 and 1 April 2020 respectively. During his three-year employment period, he has been entitled to a Director's fee of HK$120,000 per year effective from 1 April 2020 plus discretionary bonus, which is determined by his roles, experience and responsibilities in the Company.

Ms. Guo Jin, executive Director, entered into her service contract with the Company for an initial term of three years commencing from 18 April 2018, subject to retirement by rotation and the re-election provisions pursuant to the Bye-Laws. During her three-year employment period, she has been entitled to an annual Director's fee of HK$120,000 effective from 18 April 2018 plus discretionary bonus, which is determined by her roles, experience and responsibilities in the Company.

Mr. Tze Kan Fat, executive Director, entered into his service contract with the Company for an initial term of three years commencing from 28 June 2019, subject to retirement by rotation and the re-election provisions pursuant to the Bye-Laws. During his three-year employment period, he has been entitled to an annual emolument of HK$3,000,000, with discretionary bonus, subject to his individual performance and prevailing market conditions.

Ms. Zhang Kuihong, non-executive Director, entered into her letter of appointment with the Company in 2015. Her appointment was for an initial term of three years commencing on 9 December 2015 and was renewed for a further period of three years with effect from 9 December 2018, subject to termination at any time by either party giving to the other 3 months' notice in writing. Ms. Zhang would not receive any remuneration from the Company.

Mr. Shong Hugo, non-executive Director, entered into a letter of appointment with the Company for an initial term of three years commencing from 15 September 2017, subject to retirement by rotation and the re-election provisions pursuant to the Bye-Laws. Mr. Shong would not receive any remuneration from the Company.

Three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi, entered into their letters of appointment with the Company for an initial term of three years commencing on 21 July 2014 and were renewed for a further period of three years with effect on 21 July 2017, subject to termination at any time by either party giving to the other 2 months' notice in writing. Pursuant to the terms of the letters of appointment, each of the independent non-executive Directors is entitled to a Director's fee of HK$100,000 per year which is determined with reference to their duties and responsibilities within the Company.

Apart from the above, none of the Directors had a service contract with the Group which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

The remuneration of the executive Directors and the Directors' fees of the independent non-executive Directors are mutually agreed between the Board and each of the executive Directors and independent non-executive Directors with reference to the prevailing market conditions and determined by the Board based on the anticipated time, efforts and expertise to be exercised by each of them on the Company's affairs. Such emoluments are subject to review by the Board from time to time, pursuant to the power conferred on it in the annual general meeting of the Company.

Confirmation Of Independence From Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

Biographical Details Of Directors

Biographical details of the Directors are set out on pages 25 to 31 of this report.

Directors' And Chief Executive's Interests And Short Positions In Securities

As at 31 December 2019, none of the Directors or the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have been taken under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules.

Interest Of Substantial Shareholders

As far as was known to the Directors, as at 31 December 2019, the interests or short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long position in ordinary shares of HK$0.00025 each of the Company

Name of Substantial Shareholders	**Capacity/Nature of interest**	**Number of shares held**	**Approximate percentage of interested shares to the issued share capital of the Company** (%)
Zhuhai Huafa (Note 1)	Interest in controlled corporations	3,710,750,000	36.88
Ho Chi Sing (Note 2)	Interest in controlled corporations	860,920,000	8.56
IDG Light Solutions Limited (Note 2)	Beneficial owner	860,920,000	8.56

Notes:

1. Zhuhai Huafa holds 100% of the issued share capital of Huafa HK which in turn holds 100% of the issued share capital of Huajin Investment Company Limited ("Huajin Investment"). Since Huajin Investment holds 3,710,750,000 shares of the Company, Zhuhai Huafa is deemed to be interested in 3,710,750,000 shares of the Company by virtue of its shareholding in Huajin Investment.

2. Mr. Ho Chi Sing directly holds 100% of the issued share capital of IDG Light Solutions Limited (incorporated in the British Virgin Islands), which holds 860,920,000 shares of the Company.

   Therefore, Mr. Ho Chi Sing is deemed to be interested in a total of 860,920,000 shares of the Company by virtue of his shareholding in IDG Light Solutions Limited.

Save as disclosed above, as at 31 December 2019, no person had any interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or otherwise notified to the Company and the Stock Exchange.

Share Options

There is no share option scheme during the year ended 31 December 2019 and up to the date of this report.

Directors' Rights To Acquire Securities

At no time during the year was the Company, or any of its holding company, fellow subsidiaries and subsidiaries, a party to any arrangement enabling the Directors or their respective spouses or children (natural or adopted) under the age of 18 years, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Equity-linked Agreements

The Group has not entered into any equity-linked agreements during the year ended 31 December 2019.

Permitted Indemnity Provision

Pursuant to the Bye-Laws, every Director 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 he/she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective offices or trusts.

There is appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

Major Customers And Suppliers/Subcontractors

The percentage of sales and cost of services provided for the year attributable to the Group's major customers and suppliers/subcontractors were as follows:

Sales	
– the largest customer	6%
– five largest customers	14%
Cost provided	
– the largest supplier/subcontractor	5%
– five largest suppliers/subcontractors	17%

Huafa HK is one of the five largest customers of the Group and Mr. Li Guangning and Mr. Xie Wei are acting as its directors during the year.

Among the five largest customers, the sales value to Zhuhai Huafa's subsidiaries accounted for 9% of the total sales value for the year.

Directors' Interests In Competing Businesses

As at the date of this report, and pursuant to the Listing Rules, none of the Directors is considered to have interests in any business which causes, or may cause, significant competition with the business of the Group.

Connected Transactions And Continuing Connected Transactions

In addition to the related party transactions disclosed in note 33 to the audited consolidated financial statements, details of connected transactions and continuing connected transactions of the Group as defined under the Listing Rules, details of which are required to be disclosed in accordance with the requirements of Appendix 16 and Chapter 14A of the Listing Rules, are summarised below:

Connected Transactions

The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

Financial Printing Agreement

On 31 January 2019, iOne Financial Press Limited (the "Financial Printing Company"), an indirect non-wholly owned subsidiary of the Company, entered into the financial printing agreement with the service recipient for the provision of typesetting and printing, translation, media and logistics services in relation to the proposed listing of the shares of the holding company of the service recipient on the Main Board of the Stock Exchange, for a service fee of HK$2,720,000. During the 12-month period prior to entering into the financial printing agreement, the Financial Printing Company and another member of the Group as service providers entered into eight previous arrangements (the "Previous Arrangements") for the provision of financial printing, design, translation, production of promotional materials to certain members of the Zhuhai Huafa and its subsidiaries.

As each of the service recipients under the Previous Arrangements and the service recipient under the financial printing agreement is an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, therefore each of them is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the Previous Arrangements and the financial printing agreement were entered within a 12-month period and were of similar nature, the transactions contemplated thereunder constituted connected transactions of the Company and should be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. All applicable percentage ratios in respect of the Previous Arrangements and the financial printing agreement in aggregate were less than 25% and the aggregate service fees were less than HK$10,000,000, so the entering into of the financial printing agreement was subject to the reporting and announcements requirements but was exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules. For details, please refer to the announcement of the Company dated 31 January 2019.

Video Production Service Agreements

On 25 June 2019, an indirect wholly-owned subsidiary of the Company namely Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市橫琴新區華金國際會展服務有限公司) (the "Consultant Company") entered into the video production service agreements (collectively, the "Video Production Service Agreements" and each a "Video Production Service Agreement") with each of Zhuhai Huafa, Zhuhai Huachuang Investment Management Limited* (珠海鏵創投資管理有限公司), Zhuhai Huafa Urban Operations Investment Holdings Limited * (珠海華發城市運營投資控股有限公司), Zhuhai Huapin Marketing Consultancy Limited* (珠海華聘營銷諮詢有限公司), Zhuhai Huafa Modern Services Investment Holdings Limited* (珠海華發現代服務投資控股有限公司), Zhuhai Huafa Commercial and Trading Holdings Co. Ltd. (珠海華發商貿控股有限公司), Zhuhai Development Investment Fund Management Limited* (珠海發展投資基金管理有限公司) and Infinity (Zhuhai) Venture Capital Management Limited* (英飛尼迪(珠海)創業投資管理有限公司) (collectively the "Counterparties" and each a "Counterparty"), pursuant to which the Consultant Company agreed to provide corporate video production services in return for RMB900,000, RMB900,000, RMB900,000, RMB1,100,000, RMB900,000, RMB900,000, RMB190,000 and RMB210,000, respectively. The aggregate consideration of the Video Production Service Agreements is RMB6,000,000 (equivalent to approximately HK$6,818,182).

As (i) Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, is one of the Counterparties under the Video Production Service Agreements; (ii) Zhuhai Huafa is indirectly interested in 49.0% of the equity interest in Infinity (Zhuhai) Venture Capital Management Limited* (英飛尼迪(珠海)創業投資管理有限公司); and (iii) the remaining Counterparties are all subsidiaries of Zhuhai Huafa, therefore each Counterparty under the Video Production Service Agreements is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the transaction contemplated under each Video Production Service Agreement constituted a connected transaction of the Company.

Each Video Production Service Agreement individually constituted a connected transaction of the Company and was fully exempt from reporting, announcement, circular (including independent financial advice) and shareholders' approval requirements. However, as the Video Production Service Agreements have been entered into by the Consultant Company with the parties to the relevant Video Production Service Agreements within a 12-month period and were of similar nature, i.e. in relation to video production services, the transactions contemplated thereunder should be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. Since all applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Video Production Service Agreements in aggregate exceeds 0.1% but is less than 5% and the aggregate consideration is more than HK$3,000,000 but less than HK$10,000,000, the entering into of the Video Production Service Agreements was subject to the reporting and announcement requirements but exempt from circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. For details, please refer to the announcement of the Company dated 25 June 2019.

* for identification purpose only

Customer Thankful Month Cooperation Agreements

On 6 December 2019, Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited (Sheraton Hotel)* (珠海市横琴新區華金國際酒店管理有限公司喜來登酒店) ("Management Company (Sheraton Hotel)") entered into customer thankful month cooperation agreement-1 with Zhuhai Huajun Property Development Company Limited (珠海華郡房產開發有限公司) ("Huajun Property Development") and the customer thankful month cooperation agreement-2 with Zhuhai Aohua Corporate Management Consultancy Company Limited (珠海奧華企業管理諮詢有限公司) ("Zhuhai Aohua"), respectively. Pursuant to the customer thankful month cooperation agreement-1 and customer thankful month cooperation agreement-2 (collectively the "Customer Thankful Month Cooperation Agreements"), Huajun Property Development and Zhuhai Aohua (collectively the "Service Recipients") shall purchase from Management Company (Sheraton Hotel) vouchers of accommodation and catering services to be used by 31 December 2019, for a total amount of RMB678,000 (service charge and tax inclusive) (equivalent to approximately HK$755,263) and RMB922,000 (service charge and tax inclusive) (equivalent to approximately HK$1,027,069), respectively.

17 previous arrangements (the "Previous Arrangements") were entered into between each of the hotels managed by Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市横琴新區華金國際酒店管理有限公司) (the "Management Company") as service providers with certain members of Zhuhai Huafa and its subsidiaries (the "Huafa Group") prior to entering into the Customer Thankful Month Cooperation Agreements.

As each of the service recipients under the Previous Arrangements and the Service Recipients is an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, therefore, each of them is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and all transactions contemplated by each of the Previous Arrangements and the Customer Thankful Month Cooperation Agreements constituted connected transactions of the Company.

As the Previous Arrangements and the Customer Thankful Month Cooperation Agreements have been entered into by the Group with members of the Huafa Group within a 12-month period and were of similar nature, the transactions contemplated thereunder should be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. Since all applicable percentage ratios in respect of the Previous Arrangements and the Customer Thankful Month Cooperation Agreements in aggregate are less than 25% and the aggregate service fees are less than HK$10,000,000, the entering into of the Customer Thankful Month Cooperation Agreements was subject to the reporting and announcements requirements but was exempt from the circular (including independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules. For details, please refer to the announcement of the Company dated 6 December 2019.

* for identification purpose only

Asset Transfer Agreement and Sale and Purchase Agreement

On 20 December 2019, the Company entered into (i) the asset transfer agreement with Huafa HK and (ii) the sale and purchase agreement with Huafa HK and Concord Bright Holdings Limited (和輝集團有限公司) ("Concord Bright") pursuant to which the Company as the purchaser agreed to acquire and Huafa HK as the seller agreed to sell 100% issued ordinary shares of Concord Bright at the consideration of RMB733,780,000 (equivalent to approximately HK$817,211,000) (the "Acquisition") and Concord Bright as the guarantor in relation to the Acquisition.

As Huafa HK is the controlling shareholder of the Company and hence is a connected person of the Company, the Acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. The highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Acquisition exceeds 100%. The Listing Committee resolved that the Acquisition is an extreme transaction and the reverse takeover rules do not apply. As such, the Acquisition was subject to the reporting, announcement, circular and independent shareholders' approval requirements as set out in Chapter 14 and Chapter 14A of the Listing Rules. The Company is required to prepare a transaction circular under an enhanced disclosure comparable to prospectus standard and Anglo Chinese Corporate Finance, Limited has been appointed as the financial adviser of the Company to conduct due diligence on the Acquisition. The asset transfer agreement supplemented by the sale and purchase agreement, and the Acquisition have been approved by the independent shareholders of the Company on 14 January 2020. All the conditions precedent as set out in the sale and purchase agreement have been fulfilled and completion took place on 17 January 2020. As disclosed in the announcement of the Company dated 29 January 2020, all the necessary procedures in Hong Kong for the transfer of the entire issued shares of Concord Bright to the Company had been completed. For details, please refer to the announcements of the Company dated 25 August 2019, 20 December 2019, 17 January 2020 and 29 January 2020; and the circular of the Company dated 27 December 2019.

During the year under review, the Company has complied with the relevant disclosure requirements in respect of the connected transactions of the Group in accordance with Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Office Sharing Agreement

On 10 July 2018, the Company and Huafa HK entered into an office sharing agreement pursuant to which Huafa HK has agreed to grant the Company the non-exclusive right to use an office space in consideration of the sharing fees payable by the Company. Huafa HK is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company. Therefore Huafa HK is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the office sharing agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules and since all the applicable percentage ratios (other than the profit ratio) in respect of the proposed annual caps under the office sharing agreement are more than 0.1% but less than 5%, the transactions contemplated under the office sharing agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, and are only subject to the annual review, reporting and announcement requirements. For details, please refer to the announcement of the Company dated 10 July 2018.

The annual cap in respect of the office sharing agreement for the year under review was HK$4,000,000 and the actual sharing fees paid by the Company pursuant to the office sharing agreement for the year ended 31 December 2019 did not exceed the annual cap.

Financial Services Master Agreement

On 10 July 2018, the Company and Zhuhai Huafa entered into a financial services master agreement, pursuant to which the Company has agreed to procure the Group to provide financial services (the "Financial Services") to members of Zhuhai Huafa, its subsidiaries and its associates ("Zhuhai Huafa Group"). Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company. Therefore, Zhuhai Huafa and members of the Zhuhai Huafa Group are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the financial services master agreement and the Financial Services to be provided contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the proposed annual caps under the financial services master agreement whether stand alone or aggregated with the amount received and receivable by the Company pursuant to the consultancy agreement, the financial adviser agreement and the fee agreement as disclosed in the Company's announcement dated 26 December 2017 exceeds 25%, the financial services master agreement and the Financial Services to be provided contemplated thereunder are subject to the annual review, reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirements. The price and the terms of the above transactions have been determined in accordance with the pricing policies and guideline set out in the announcement and circular of the Company dated 10 July 2018 and 15 August 2018 respectively. The financial services master agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 31 August 2018.

The annual cap in respect of the service fees of each of the category I (Type 1 – dealing in securities), category II (Type 4 – advising on securities) and category III (Type 6 – advising on corporate finance) financial services pursuant to the financial services master agreement for the year under review as disclosed in the announcement was HK$16,000,000, HK$19,000,000 and HK$13,000,000, respectively. The actual service fees received by the Group for each of the category I (Type 1 – dealing in securities), category II (Type 4 – advising on securities) and category III (Type 6 – advising on corporate finance) financial services for the year ended 31 December 2019 did not exceed the relevant annual cap.

Property Lease Framework Agreement

On 19 March 2019, Zhuhai SZM CBD Construction Holding Co. Ltd. (珠海十字門中央商務區建設控股有限公司) (the "Lessor") and an indirect wholly-owned subsidiary of the Company namely Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海橫琴新區華金國際酒店管理有限公司) (the "Lessee") entered into the property lease framework agreement for the target term that does not exceed three years, including a fixed term of twelve (12) months commencing from 1 September 2019, being the date immediately after the effectiveness of the property lease framework agreement. Pursuant to the property lease framework agreement, the Lessor agreed to lease and the Lessee agreed to rent Huafa Place (華發行政公寓) and Sheraton Zhuhai Hotel (珠海華發喜來登酒店) (collectively the "Target Property"). The Lessee has the right to use and operate the Target Property in accordance with the property lease framework agreement.

* for identification purpose only

As Lessor is an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Lessor is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the property lease framework agreement constitutes a continuing connected transaction of the Company and since various applicable percentage ratios in respect of the property lease framework agreement are over 5% and the annual rent payable by the Lessee is greater than HK$10,000,000, the property lease framework agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The property lease framework agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 28 June 2019. For details including the pricing policies, please refer to the announcements of the Company dated 21 February 2019 and 19 March 2019 respectively and the circular of the Company dated 13 June 2019.

The annual cap in respect of the rent payable by Lessee pursuant to the property lease framework agreement for the year under review was RMB50,000,000 and the actual rent paid by Lessee for the year ended 31 December 2019 did not exceed the annual cap.

Cost Sharing Framework Agreement

After entering into the property lease framework agreement on 19 March 2019, an indirect wholly-owned subsidiary of the Company namely Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司) (the "Management Company") and Zhuhai Huafa International Hotel Management Company Limited* (珠海華發國際酒店管理有限公司) ("Huafa Hotel") entered into the cost sharing framework agreement on 18 April 2019, with a term from 1 September 2019, being the commencement date of the cost sharing framework agreement, to 31 December 2021, pursuant to which the Management Company and Huafa Hotel agreed to share general costs incurred for the daily normal operation of the Sheraton Zhuhai Hotel and St. Regis Zhuhai (the "Hotels") including category 1 (shared staff costs), category 2 (shared laundry costs), category 3 (shared staff canteen costs), category 4 (shared bakery food costs), category 5 (shared general administration department cleaning product costs), category 6 (shared general administration department temporary worker costs), category 7 (shared boiler room costs) and category 8 (shared public area energy and maintenance and repairs costs) (collectively the "Operation Costs").

Huafa Hotel is an indirect subsidiary of Zhuhai Huafa, an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Huafa Hotel is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the cost sharing framework agreement constitutes a continuing connected transaction of the Company and since various applicable percentage ratios in respect of the cost sharing framework agreement are over 5% and the annual payment by Huafa Hotel receivable by the Management Company is greater than HK$10,000,000, the entering into of the cost sharing framework agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The cost sharing framework agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 28 June 2019. For details including the pricing policies, please refer to the announcements of the Company dated 19 March 2019 and 18 April 2019; and the circular of the Company dated 13 June 2019.

* for identification purpose only

The annual cap in respect of the sharing of the Operation Costs was RMB21,860,000 and the annual cap in respect of the payment of the interests which the Management Company is entitled to charge Huafa Hotel regarding any unpaid Operation Costs of St. Regis Zhuhai was RMB110,000 and the total annual cap pursuant to the terms of the cost sharing framework agreement for the year under review was RMB21,970,000. The actual Operation Costs shared and the actual interests paid by Huafa Hotel for the year ended 31 December 2019 did not exceed the relevant annual cap.

Hotel Consultancy Services Framework Agreement

On 29 April 2019, an indirect wholly-owned subsidiary of the Company namely Zhuhai Hengqin Xinqu Huajin International Hotel Management Company Limited* (珠海市橫琴新區華金國際酒店管理有限公司) (the "Management Company") and Zhuhai Huafa entered into the hotel consultancy services framework agreement, for a term not exceeding three years commencing from the fulfilment of all the conditions precedent, pursuant to which Zhuhai Huafa agreed to retain and the Management Company agreed to provide the management services to consultancy hotels (the "Type 1") and consultation services to target hotels (the "Type 2") in return for the services fees.

As Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Zhuhai Huafa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into the hotel consultancy services framework agreement constitutes a continuing connected transaction of the Company and since various applicable percentage ratios in respect of the hotel consultancy services framework agreement are over 5% and the annual service fees receivable by the Management Company is greater than HK$10,000,000, the entering into of the hotel consultancy services framework agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The hotel consultancy services framework agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 19 July 2019. For details including the pricing policies, please refer to the announcements of the Company dated 2 December 2018 and 29 April 2019; and the circular of the Company dated 2 July 2019.

The annual caps in respect of the service fees of each of the Type 1 and Type 2 services pursuant to the hotel consultancy services framework agreement for the year under review were RMB6,130,000 and RMB7,700,000. respectively, and the total annual cap in respect of the service fees pursuant to the hotel consultancy services framework agreement for the year under review was RMB13,830,000. The actual amount received by Management Company for each of Type 1 and Type 2 services for the year ended 31 December 2019 did not exceed the relevant annual cap.

Convention & Exhibition Business Cooperation Framework Agreement

On 18 July 2019, an indirect wholly-owned subsidiary of the Company namely Zhuhai Hengqin New Area Huajin International Convention Services Company Limited* (珠海市橫琴新區華金國際會展服務有限公司) (the "Consultant Company") and Zhuhai Huafa entered into the convention & exhibition business cooperation framework agreement, pursuant to which the Consultant Company agreed to cooperate, and Zhuhai Huafa agreed to retain the Consultant Company for the convention & exhibition services for a term not exceeding three years commencing from the fulfilment of all the conditions precedent.

* for identification purpose only

As Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Zhuhai Huafa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the convention & exhibition business cooperation framework agreement constitutes a continuing connected transaction of the Company and since various applicable percentage ratios in respect of the convention & exhibition business cooperation framework agreement are over 5% and the annual cooperation fees receivable by the Consultant Company is greater than HK$10,000,000, the entering into of the convention & exhibition business cooperation framework agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The convention & exhibition business cooperation framework agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 17 September 2019. For details including the pricing policies, please refer to the announcement and circular of the Company dated 18 July 2019 and 27 August 2019 respectively.

The annual cap in respect of the cooperation fees pursuant to the convention & exhibition business cooperation framework agreement for the year under review was RMB68,310,000 and the actual amount received by Consultancy Company for the year ended 31 December 2019 did not exceed the annual cap.

Framework Agreements

On 20 December 2019, Zhuhai Huafa Property Management Services Co., Ltd.* (珠海華發物業管理服務有限公司) ("Huafa Property Management") entered into the property management services cooperation framework agreement and the procurement cooperation framework agreement (the "Framework Agreements") with Zhuhai Huafa, with a term from 17 January 2020 to 31 December 2022, pursuant to which upon the completion of the acquisition of Concord Bright Holdings Limited (和輝集團有限公司) by the Company, Huafa Property Management will provide property management services to and procure products and services from Zhuhai Huafa and its subsidiaries and associates (excluding Huafa Property Management and its three subsidiaries, Zhuhai Huafa Municipal Comprehensive Services Co., Ltd.* (珠海華發市政綜合服務有限公司), Zhuhai Huafa Building Elevator Engineering Co., Ltd.* (珠海華發樓宇電梯工程有限公司) and Zhuhai Huafa Jones Lang LaSalle Property Management Services Company, Limited* (珠海華發仲量聯行物業服務有限公司) (collectively "Huafa Property Management Group")) ("Zhuhai Huafa Group") in relation to the operation of the Concord Bright Holdings Limited and its subsidiaries.

Pursuant to the property management services cooperation framework agreement, Huafa Property Management shall provide (i) property management services to property sales centres, sample flats, etc. held by Zhuhai Huafa Group ("Category I Property Management Services"), and (ii) property management services including but not limited to security, cleaning, greening and gardening, repair and maintenance services as well as other value added services to the properties developed by Zhuhai Huafa Group ("Category II Property Management Services"). Zhuhai Huafa is an indirect controlling shareholder of the Company interested in approximately 36.88% of the total issued share capital of the Company, Zhuhai Huafa is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the entering into of each of (i) the property management services cooperation framework agreement and (ii) the procurement cooperation framework agreement constitutes a continuing connected transaction of the Company.

* for identification purpose only

Since one or more of the applicable percentage ratios (other than the profit ratio) in respect of the annual caps under the property management services cooperation framework agreement is more than 5% and the annual service fees to be received by Huafa Property Management is greater than HK$10,000,000, the entering into of the property management services cooperation framework agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The property management services cooperation framework agreement and the transactions contemplated thereunder have been approved by the independent shareholders of the Company on 14 January 2020.

Since all applicable percentage ratios (other than the profit ratio) in respect of the proposed annual caps under the procurement cooperation framework agreement are more than 0.1% but less than 5%, the transactions contemplated under the procurement cooperation framework agreement are exempt from the independent shareholders' approval requirements, and are subject to the reporting, annual review and announcement requirements.

For details including the pricing policies, please refer to the announcement and circular of the Company dated 20 December 2019 and 27 December 2019.

The annual caps in respect of the service fees payable by Zhuhai Huafa Group of each of the Category I Property Management Services and Category II Property Management Services pursuant to the property management services cooperation framework agreement for the year under review were RMB297,060,000 and RMB77,420,000. respectively, and the total annual cap in respect of the service fees payable by Zhuhai Huafa Group pursuant to the property management services cooperation framework agreement was RMB374,480,000. The annual cap in respect of the procurement price payable by Huafa Property Management Group under the procurement cooperation framework agreement for the year under review was RMB7,860,000. The actual amount for the year ended 31 December 2019 did not exceed the relevant annual cap.

During the year under review, the Company has complied with the relevant disclosure requirements in respect of the continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules. The aforesaid continuing connected transactions as contemplated under the office sharing agreement, financial services master agreement, property lease framework agreement, cost sharing framework agreement, hotel consultancy services framework agreement, convention & exhibition business cooperation framework agreement and Framework Agreements have been reviewed by independent non-executive Directors. The independent non-executive Directors confirmed that the aforesaid continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor, PricewaterhouseCoopers, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A. 56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' Interests In Transactions, Arrangements Or Contracts

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or any of its holding company, fellow subsidiaries, subsidiaries and controlling shareholder or any of its subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Purchase, Sale Or Redemption Of The Company's Listed Securities

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

Sufficiency Of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Corporate Governance

During the year under review, the Company, in the opinion of the Directors, has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 of the Listing Rules.

Model Code For Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, all Directors have confirmed that they have complied with the Model Code during the year under review and up to the date of this report.

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 year under review.

Remuneration Policy

The remuneration policy of the Group for its employees and Directors is based on their performance, duties and responsibilities, comparable market rates and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, contribution to pension schemes and bonuses relating to the profit of the relevant company. The Remuneration Committee regularly reviews and makes recommendations to the Board on the specific remuneration and compensation of the Directors and senior management of the Group.

Donations

During the year ended 31 December 2019, the Group made charitable donations amounting to approximately HK$278,500 (2018 restated: HK$119,090).

Audit Committee

The Group established an Audit Committee consisting of three independent non-executive Directors, namely, Dr. Chen Jieping, Dr. Sun Mingchun and Mr. Tse Yung Hoi. Dr. Chen Jieping is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process and effectiveness of the risk management and internal control systems of the Group. The Audit Committee has reviewed the Group's final results for the year ended 31 December 2019.

Auditor

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming AGM and being eligible, offer themselves for re-appointment.

On behalf of the Board

Li Guangning
Chairman

Hong Kong, 31 March 2020

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Board of the Group has committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, to enhance corporate value and accountability, to formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code contained in Appendix 14 of the Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has applied the code provisions as set out in the CG Code contained in Appendix 14 of the Listing Rules.

In the opinion of the Directors, throughout the year under review, the Company has complied with all the code provisions as set out in the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year under review.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by senior management or other staff who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board Of Directors

The Board currently comprises nine members, consisting of four executive Directors, two non-executive Directors and three independent non-executive Directors. The executive Directors, non-executive Directors and independent non-executive Directors during the year were as follows:

Executive Directors:
Mr. Li Guangning (Chairman of the Board)
Mr. Xie Wei (Chief Executive Officer and member of the Remuneration Committee)
Ms. Guo Jin (member of the Remuneration Committee)
Mr. Tze Kan Fat (appointed with effect from 28 June 2019)

Non-executive Directors:
Ms. Zhang Kuihong
Mr. Shong Hugo
Mr. Qie Yan (resigned with effect from 28 June 2019)

Independent Non-executive Directors:
Dr. Chen Jieping (Chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee)
Dr. Sun Mingchun (Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee)
Mr. Tse Yung Hoi (Chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee)

The biographical information of the Directors are set out in the section headed "Biographical details of Directors and Senior Management" on pages 25 to 32 of this report.

None of the members of the Board is related to one another.

Chairman and chief executive officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Li Guangning and Mr. Xie Wei respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent non-executive directors

During the year ended 31 December 2019, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Non-executive directors and directors' re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

According to the Bye-Laws, one-third of the directors are currently required (or, if their number is not a multiple of three, then the number nearest to but not less than one-third) to retire from office by rotation at each annual general meeting of the Company, provided that every director is subject to retirement at least once every three years. The retiring directors are eligible to offer themselves for re-election.

Details of the Directors' Service Contracts are set out in the section headed "Directors and Directors' Service Contracts" in the Report of the Directors on pages 70 to 72 of this report.

The Nomination Committee recommended that Mr. Li Guangning, Ms. Zhang Kuihong and Mr. Shong Hugo, who will retire by rotation at the forthcoming AGM, be eligible to offer themselves for re-election.

In accordance with the Bye-Laws, all Directors are subject to retirement by rotation at least once every three years. Any Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Directors appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. As Mr. Tze Kan Fat was appointed to the Board as an executive Director on 28 June 2019, according to bye-law 86(2) of the Bye-Laws, Mr. Tze Kan Fat shall retire and shall then be eligible for re-election at the forthcoming AGM.

Responsibilities, accountabilities and contributions of the board and management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous professional development of directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2019, the following Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topic Notes
Executive Directors	
Mr. Li Guangning	1, 2, 4
Mr. Xie Wei	1, 2, 4
Ms. Guo Jin	1, 2, 4
Mr. Tze Kan Fat (appointed on 28 June 2019)	1, 2, 4
Non-executive Directors	
Ms. Zhang Kuihong	1, 2, 4
Mr. Shong Hugo	1, 2, 4
Mr. Qie Yan (resigned on 28 June 2019)	1, 2, 4
Independent Non-executive Directors	
Dr. Chen Jieping	1, 2, 3, 4
Dr. Sun Mingchun	1, 2, 3, 4
Mr. Tse Yung Hoi	1, 2, 3, 4

Notes:

1. Corporate governance
2. Regulatory updates
3. Finance and accounting
4. Industry updates

In addition, relevant reading materials including legal and regulatory update seminar handouts have been provided to the Directors for their reference and studying.

Board Committees

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference and are of no less exacting terms than those set out in the CG Code. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 5 of this report.

Audit committee

The Audit Committee currently comprises three members, namely Dr. Chen Jieping (chairman), Dr. Sun Mingchun and Mr. Tse Yung Hoi (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise), all are independent non-executive Directors. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures, risk management and internal control systems, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held two meetings to review interim and annual financial results and reports in respect of the year ended 31 December 2019 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and re-appointment of external auditor and arrangements for employees to raise concerns about possible improprieties. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

The Audit Committee also met with the external auditor twice a year and at least once a year the Audit Committee shall meet with the external auditor without the presence of the executive Directors.

Remuneration committee

The Remuneration Committee currently comprises five members, namely, Dr. Sun Mingchun (chairman), Dr. Chen Jieping and Mr. Tse Yung Hoi (independent non-executive Directors), Mr. Xie Wei and Ms. Guo Jin (executive Directors).

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held two meetings to determine, review and make recommendations to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under “Attendance Records of Directors and Committee Members” of this report.

Details of the remuneration of the senior management by band for the year ended 31 December 2019 are set out in note 9 in the Notes to the Consolidated Financial Statements on page 156 of this Report.

Nomination committee

The Nomination Committee currently comprises three members, namely, Mr. Tse Yung Hoi (chairman), Dr. Chen Jieping and Dr. Sun Mingchun, all are independent non-executive Directors.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Company’s Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for consideration and approval.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee held two meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the annual general meeting of the Company. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board has been maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members" of this report.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry and regional experience and length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

As at the date of this report, the Board's composition can be summarised by the following main diversity perspectives:

Board Members

	Number of Directors
Gender	
Female	2
Male	7
Ethnicity	
Chinese	8
American	1
Age	
41-50	5
51-65	4
Length of Service	
1-3 years	9

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional qualification, skills, knowledge and industry and regional experience and length of service;
- Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and

- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of directors at general meetings. During the year ended 31 December 2019, the Board approved the resignation of Mr. Qie Yan as non-executive Director and appointment of Mr. Tze Kan Fat as executive Director with effect from 28 June 2019 after taking into consideration of the recommendation from the Nomination Committee.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate governance functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

Attendance Records Of Directors And Committee Members

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 December 2019 are set out in the table below:

	Attendance/Number of Meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Annual General Meeting**	**Special General Meeting**
Li Guangning	17/17	–	–	–	1/1	3/3
Xie Wei	17/17	–	2/2	–	1/1	3/3
Guo Jin	17/17	–	2/2	–	1/1	3/3
Tze Kan Fat (appointed on 28 June 2019)	6/6	–	–	–	–	3/3
Zhang Kuihong	17/17	–	–	–	1/1	3/3
Qie Yan (resigned on 28 June 2019)	7/11	–	–	–	0/1	0/1
Shong Hugo	13/17	–	–	–	0/1	0/3
Chen Jieping	17/17	2/2	2/2	2/2	1/1	3/3
Sun Mingchun	17/17	2/2	2/2	2/2	1/1	3/3
Tse Yung Hoi	17/17	2/2	2/2	2/2	1/1	3/3

Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive Directors without the presence of other Directors during the year.

Directors' Responsibilities In Respect Of The Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2019.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 101 to 107.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

Auditor's Remuneration

An analysis of the remuneration paid or payable to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended 31 December 2019 is set out below:

Service Category	**Fees Paid/ Payable HK$**
Audit Services	2,500,000
Non-audit Services	
– Tax related services	22,000
– Consultancy services	1,561,000
	4,083,000

Risk Management And Internal Controls

The Board and the Audit Committee

The Board acknowledges its responsibility for maintaining sound and effective risk management and internal control systems and reviewing their effectiveness. The Board regularly monitors and updates the Group's risk profile and exposure, and evaluates the effectiveness of the risk management and internal control systems at least annually. During the year, a review of the effectiveness of the risk management and internal control systems was conducted. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

Risk Management and Internal Control Systems

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has employed a bottom-up approach for identification, assessment and mitigation of risk at business unit level and across functional areas.

Main Features of Risk Management and Internal Control Systems

The key elements of the Group's risk management and internal control systems to ensure their effectiveness include the establishment of a Risk Register to track and document identified risks, the assessment and evaluation of risks, the development and continuous updating of responsive procedures, and the on-going testing of internal control procedures.

An on-going risk assessment approach is adopted by the Group for identifying and assessing the key inherent risks that affect the achievement of its objectives. A risk matrix is adopted to determine risk rating (L=low risk, M=medium risk, H=high risk) after evaluation of the risk by the likelihood and the impact of the risk event. The risk ratings reflect the level of management attention and risk treatment effort required.

Process Used to Identify, Evaluate and Manage Significant Risks

During the process of risk assessment, each of the risk owner of departments and major subsidiaries is required to capture and identify the key inherent risks that affect the achievement of its objectives. Each inherent risk is evaluated according to the risk matrix. After taking into consideration the risk responses, such as control measures in place to mitigate the risk, the residual risk of each inherent risk is evaluated again. The Risk Register with the risk responses and residual risks is reported to the Audit Committee. The Audit Committee, acting on behalf of the Board, evaluates the effectiveness of the systems. The highest category of residual risks is subject to the Board's oversight.

Procedures and Internal Controls for Handling and Dissemination of Inside Information

Regarding the procedures and internal controls for the handling and dissemination of inside information, the Group is aware of its obligations under the SFO, the Listing Rules and the overriding principle. The Group conducts its affairs with close regard to the applicable laws and regulations prevailing in Hong Kong. The Group regulates the handling and dissemination of inside information to ensure inside information remains confidential until the disclosure of such information is appropriately approved and the dissemination of such information is efficiently and consistently made. Meanwhile, the Group has also implemented procedures to guard against possible mishandling of inside information within the Group, including but not limited to, pre-clearance on dealing in the securities of the Company by designated members of the management and notification of regular blackout period and securities dealing restrictions to Directors and relevant employees.

Process Used to Review the Effectiveness of the Risk Management & Internal Control Systems and to Resolve Material Internal Control Defects

In view of the Company's business and scale of operations, and in order to adopt the most cost-effective method of conducting periodic reviews of the Company's internal controls, the Board has outsourced the internal audit function to an independent consulting firm (the "Internal Auditor"). The Internal Auditor has conducted a review of the effectiveness of the Company's risk management and internal control systems according to the scope of review agreed and approved by the Audit Committee.

The Internal Auditor reported directly to the Audit Committee and the Audit Committee is satisfied that there has been no major deficiency noted in the areas of the Company's risk management and internal control systems being reviewed after implementation of recommendations of the internal control defects reported by the Internal Auditor. The management has also confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems. Accordingly, the Board as supported by the Audit Committee, as well as the management report and the internal audit findings, reviewed and considered the risk management and internal control systems to be effective.

Company Secretary

Ms. Li Yanmei tendered her resignation as the company secretary with effect from 28 June 2019. Following the resignation of Ms. Li Yanmei, Ms. Chan Sau Ling of Tricor Services Limited, external service provider, has been appointed as the company secretary of the Company with effect from 28 June 2019. The primary contact person of Ms. Chan Sau Ling at the Company is Mr. Liang Liang, the general manager of the company secretarial department of the Company. For details, please refer to the announcement of the Company dated 28 June 2019. For the year ended 31 December 2019, Ms. Chan Sau Ling has undertaken not less than 15 hours of relevant professional trainings to update the skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Exchanges and Clearing Limited after each general meeting.

Shareholders' rights

i. Procedure for shareholders to convene a special general meeting:

Shareholder(s) holding, at the date of deposit of the requisition, 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 special general meeting to be called by the Board for the transaction of any business specified in such a requisition. This meeting shall be held within two months after the deposit of the requisition. If, within 21 days of the deposit, the Board fails to proceed to convene such a meeting, the requisitionist(s) himself (themselves) may do so in accordance with Section 74(3) of the Companies Act 1981 of Bermuda.

ii. Procedure for shareholders to propose a person for election as a director at a general meeting:

If a shareholder wishes to propose a person (the "Candidate") for election as a director at a general meeting, he/she shall deposit a written notice (the "Notice") at the Company's head office in Hong Kong at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong. The Notice (a) must include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules and his/her contact details; and (b) must be signed by the shareholder concerned, including the information/documents to verify the identity of the shareholder and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal data. The period for lodgement of the Notice shall commence no earlier than the date after the dispatch of the notice of the general meeting and end no later than seven days prior to the date of such a general meeting. To ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a director, without adjourning the general meeting, shareholders are urged to submit and lodge the Notice as soon as practicable, say at least 15 business days prior to the date of the general meeting appointed for the election.

Putting forward enquiries to the board

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong (For the attention of the Board)
Fax:	(852) 3465 5333
Email:	inquiry@ione.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at (852) 3465 5300 for any assistance.

Communication With Shareholders And Investors/Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

During the year ended 31 December 2019, an annual general meeting was held on 22 May 2019 and three special general meetings were held on 28 June 2019, 19 July 2019 and 17 September 2019 respectively. The notices of annual general meeting and special general meetings were sent to shareholders at least 20 and 10 clear business days before the annual general meeting and special general meetings respectively.

To promote effective communication, the Company maintains a website at www.huajinci.com where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

During the year under review, the Company has not made any changes to its Memorandum of Association and Bye-Laws. An up-to-date version of the Company's Memorandum of Association and Bye-Laws is also available on the websites of the Company and Hong Kong Exchanges and Clearing Limited.

Policy relating to Shareholders

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval. Such details have been disclosed in the annual report of the Company.

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of HJ Capital (International) Holdings Company Limited
(incorporated in Bermuda with limited liability)

Opinion

What we have audited

The consolidated financial statements of HJ Capital (International) Holdings Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 108 to 192, which comprise:

- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Revenue and cost of sales recognition for provision of financial printing and translation services

- Recoverability of contract assets and trade receivables

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter

1. Revenue and cost of sales recognition for provision of financial printing and translation services

Refer to Note 4(a) (critical accounting estimates and assumptions) and Note 5 (revenue and segment information) to the consolidated financial statements.

Total revenue and cost of sales recognised for provision of financial printing and translation services for the year ended 31 December 2019 amounted to HK$127,669,000 and HK$78,570,000, respectively.

In relation to the provision of financial printing and translation services, the Group recognise revenue over time by measuring the progress towards complete satisfaction of the performance obligation ("Progress") at year end. The Progress is determined based on direct measurements of the value transferred to the customers, by reference to services performed to date as a percentage of total services estimated to be performed for each project. The total services estimated to be performed is mainly based on the historical experience of similar projects.

In order to determine the appropriate amount of cost of sales, the Group also needs to apply the Progress and estimate the total service costs of each project which mainly include direct labour costs.

We focused on this area because the computation of the Progress and estimation of total service costs for each project require significant management estimation.

We assessed the reasonableness of the methodology that management used in determining the Progress and estimated total service costs based on our knowledge of the Company's business and the industry practice. On a sample basis, our procedures mainly focused on the following:

1. Tested the Group's processes and systems in recording of the services performed and examined the actual costs incurred.

2. Tested the reasonableness of the total services estimated to be performed and estimated total service costs to complete the project by tracing to the contracts signed with respective customers and assessed the reasonableness of the data used in the estimation with reference to historical records of similar projects.

3. For the changes in the total services estimated to be performed and related service costs, we reviewed minutes of management's meetings to understand the reasons of changes subsequent to initial estimations, assessed the reasonableness of the changes and impacts to the Progress estimation by comparing to our knowledge and independent calculation.

4. Checked the mathematical accuracy of the computation of the Progress.

Based on the above, we found that the judgement and estimates applied by management were supported by the evidence we obtained.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Recoverability of contract assets and trade receivables	
Refer to Note 4(b) (critical accounting estimates and assumptions), Note 20 (contract assets and contract liabilities), and Note 21 (trade receivables and margin loans receivable) to the consolidated financial statements. As at 31 December 2019, contract assets and trade receivables in relation to provision of financial printing and translation services recognised by the Group amounted to HK$4,803,000 and HK$84,611,000 respectively. The related provisions for expected credit losses for contract assets and trade receivables in relation to provision of financial printing and translation services recognised by the Group amounted to HK$2,000 and HK$10,851,000 respectively. Management judgement is involved in assessing the forward looking expected credit loss. Management estimated the level of expected losses, by assessing future cash flow for contract assets and trade receivables including a probability weighted amount determined by evaluating a range of possible outcomes based on historical credit loss experience by customers and applying to the contract assets and trade receivables held at the date of consolidated statement of financial position. The impact of economic factors both current and future is considered in assessing the likelihood of recovery from customer, where applicable. We focus on the area due to the significant management judgement and estimation involved in assessing the expected credit losses.	We circularised independent confirmations to debtors on a sample basis to verify the balances as at 31 December 2019 and reconciled the confirmed amounts with those recorded by the Group. We tested the ageing reports for contract assets and trade receivables in relation to provision of financial printing and translation services prepared by management. We reviewed the Group's overall policies and procedures in relation to expected credit loss framework for estimating impairment provisions and assessed the appropriateness of the credit loss provisioning methodology applied by management. We challenged the information used to determine the expected credit loss by considering cash collection performance against historical trends and level of credit loss charges over time. We checked the subsequent settlements made by the debtors to relevant bank records on a sample basis, and if applicable, obtaining the agreed settlement plans with debtors and comparing the actual receipts against the settlement plans up to the report date. Based on the results of our procedures, we found the management's judgement and estimates were supported by the available evidence obtained.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is 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 Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

(Continued)

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Au, Chi Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Restated) (Notes 1, 2.1(c))
Revenue	5	**527,067**	504,675
Cost of sales	7	**(298,374)**	(269,867)
Gross profit		**228,693**	234,808
Other income and other gains, net	6	**16,758**	9,734
Selling and distribution expenses	7	**(28,574)**	(26,157)
Administrative expenses	7	**(180,076)**	(154,903)
Operating profit		**36,801**	63,482
Finance expenses, net	10	**(12,598)**	(2,385)
Share of results of associates	15	**(163)**	(512)
Profit before income tax		**24,040**	60,585
Income tax expense	11	**(17,992)**	(15,922)
Profit for the year		**6,048**	44,663
Profit attributable to:			
Owners of the Company		**4,265**	34,224
Non-controlling interests		**1,783**	10,439
		6,048	44,663
Profit for the year		**6,048**	44,663
Item that will not be reclassified subsequently to profit or loss			
Change in value on financial asset at fair value through other comprehensive income		**–**	(208)
Item that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(725)**	(218)
Total comprehensive income for the year		**5,323**	44,237
Total comprehensive income for the year attributable to:			
Owners of the Company		**3,540**	33,798
Non-controlling interests		**1,783**	10,439
		5,323	44,237
Earnings per share attributable to owners of the Company for the year (HK cent) – Basic and diluted	12	**0.0424**	0.3402

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Restated) (Notes 1, 2.1(c))
Non-current assets			
Property, plant and equipment	14(a)	**7,794**	7,008
Right-of-use assets	14(b)	**57,396**	–
Intangible assets	16	**11,628**	11,855
Deferred tax assets	28	**636**	2,168
Interests in associates	15	**39,322**	39,485
Financial asset at fair value through profit or loss	18	**8,213**	14,064
Deposits and other receivable	22	**11,435**	7,417
		136,424	81,997
Current assets			
Inventories	19	**488**	1,787
Contract assets	20	**4,801**	4,097
Trade receivables and margin loans receivable	21	**138,648**	83,053
Other receivables, deposits and prepayments	22	**60,113**	125,367
Client trust bank balances	23	**27,677**	18,431
Restricted bank balances	24	**–**	15,000
Cash and cash equivalents	24	**271,237**	220,780
		502,964	468,515
Total assets		**639,388**	550,512

	Note	2019 HK$'000	2018 HK$'000 (Restated) (Notes 1, 2.1(c))
Equity			
Share capital	29	**2,515**	2,515
Reserves		**178,862**	275,351
Equity attributable to owners of the Company		**181,377**	277,866
Non-controlling interests		**12,680**	34,951
Total equity		**194,057**	312,817
Non-current liabilities			
Lease liabilities	14(b)	**29,504**	–
Deferred tax liabilities	28	**52**	103
		29,556	103
Current liabilities			
Trade payables	25	**141,548**	76,131
Contract liabilities	20	**27,577**	28,502
Other payables and accruals	26	**58,647**	59,364
Bank borrowings	27	**150,000**	55,000
Lease liabilities	14(b)	**28,326**	–
Income tax payable		**9,677**	18,595
		415,775	237,592
Total liabilities		**445,331**	237,695
Total equity and liabilities		**639,388**	550,512

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 108 to 192 were approved by the Board of directors on 31 March 2020 and were signed on its behalf.

XIE Wei
Director

LI Guangning
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Capital and reserves attributable to owners of the Company									
	Share Capital HK$'000	Share premium HK$'000	Special reserve (Note a) HK$'000	Financial asset at fair value through other comprehensive income revaluation reserve HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2018	2,515	169,105	4,451	(490)	–	–	19,211	194,792	–	194,792
Business combination under common control (Note 2.1(c))	–	–	–	–	–	(65)	49,875	49,810	11,978	61,788
At 1 January 2018 (Restated)	2,515	169,105	4,451	(490)	–	(65)	69,086	244,602	11,978	256,580
Comprehensive income										
Profit for the year	–	–	–	–	–	–	34,224	34,224	10,439	44,663
Other comprehensive income/(loss)										
Exchange differences on translation of foreign operations	–	–	–	–	–	(218)	–	(218)	–	(218)
Change in value on financial asset at fair value through other comprehensive income	–	–	–	(208)	–	–	–	(208)	–	(208)
Disposal of financial asset at fair value through other comprehensive income	–	–	–	698	–	–	(698)	–	–	–
	–	–	–	490	–	(218)	(698)	(426)	–	(426)
Total comprehensive income/(loss)	–	–	–	490	–	(218)	33,526	33,798	10,439	44,237
Transaction with non-controlling interests										
Change in ownership interests in subsidiaries without change of control	–	–	–	–	(534)	–	–	(534)	12,534	12,000
At 31 December 2018 (Restated)	2,515	169,105	4,451	–	(534)	(283)	102,612	277,866	34,951	312,817

	Capital and reserves attributable to owners of the Company								
	Share Capital HK$'000	Share premium HK$'000	Special reserve (Note a) HK$'000	Other reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 December 2018 (Restated)	2,515	169,105	4,451	(534)	(283)	102,612	277,866	34,951	312,817
Comprehensive income									
Profit for the year	–	–	–	–	–	4,265	4,265	1,783	6,048
Other comprehensive loss									
Exchange differences on translation of foreign operations	–	–	–	–	(725)	–	(725)	–	(725)
Total comprehensive income	–	–	–	–	(725)	4,265	3,540	1,783	5,323
Deemed distribution (Note 33(b))	–	–	–	–	–	(100,029)	(100,029)	(24,054)	(124,083)
At 31 December 2019	2,515	169,105	4,451	(534)	(1,008)	6,848	181,377	12,680	194,057

Note a:

Special reserve represents the difference between the aggregate amount of the share capital and share premium of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition pursuant to the group reorganisation which was to rationalise the structure of the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HK$'000	2018 HK$'000 (Restated) (Notes 1, 2.1(c))
Cash flows from operating activities			
Cash (used in)/generated from operations	31	**(10,541)**	30,755
Income tax (paid)/refund		**(4,592)**	2,588
Net cash (used in)/generated from operating activities		**(15,133)**	33,343
Cash flows from investing activities			
Interest received		**1,111**	738
Proceeds from disposal of property, plant and equipment		**–**	9
Purchase of property, plant and equipment		**(7,793)**	(3,477)
Purchase of intangible assets		**(233)**	(236)
Proceed from disposal of financial asset at fair value through other comprehensive income		**–**	15,010
Net cash (used in)/generated from investing activities		**(6,915)**	12,044
Cash flows from financing activities			
Interest paid		**(4,513)**	(3,217)
Repayment to loan from a related party		**–**	(35,500)
Proceeds from bank borrowings		**100,000**	117,000
Repayments of bank borrowings		**(5,000)**	(62,000)
Proceeds from disposal of certain equity interests in subsidiaries to non-controlling interest		**–**	12,000
Decrease/(increase) in restricted bank balances		**15,000**	(15,000)
Principal and interest element of lease payment		**(32,727)**	–
Net cash generated from financing activities		**72,760**	13,283
Increase in cash and cash equivalents		**50,712**	58,670
Cash and cash equivalents at beginning of the year		**220,780**	162,422
Effect of foreign exchange rate changes, net		**(255)**	(312)
Cash and cash equivalents at end of the year	24	**271,237**	220,780

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information of the Group

HJ Capital (International) Holdings Company Limited (the "Company") is a limited liability company incorporated in Bermuda. Its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Room 3605, 36/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company and its subsidiaries (together, the "Group") are principally engaged in the provision of financial printing services and related investments holding, financial services and hotel operation, hotel management, hotel advisory and exhibition services both in Hong Kong and Mainland China.

The Company has its listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in Hong Kong dollars (HK$) unless otherwise stated.

The financial position and performance of the Group was particularly affected by the following event and transaction during the reporting period.

On 19 March 2019, the Group entered into property lease framework agreement ("Property Lease Framework Agreement") with Zhuhai SZM CBD Construction Holding Co., Ltd., the property owner ("Property Owner") of Sheraton Zhuhai Hotel and Huafa Place ("Two Hotels"), in relation to the lease of Two Hotels to the Group. The Group has the right to use and operate the Two Hotels in accordance with the Property Lease Framework Agreement. Before the Property Lease Framework Agreement comes into effect, the Two Hotels were leased to Zhuhai Huafa International Hotel Operation Company Limited ("Transferor"), the previous hotel operator of Two Hotels. Further detail of the above agreement, is set out in the Company's circular dated 13 June 2019. On 1 September 2019, all conditions precedent, including the Group's obtaining of hotel operation right from relevant government authorities, have been fulfilled and the leasing of the Two Hotels comes into effect immediately after this date ("Completion Date"). The Property Lease Framework Agreement and other arrangements constituted the transfer of hotel operation business of Two Hotels ("Two Hotels Operation") to the Group ("The Transaction"). Neither the Group had paid or obligated to pay any consideration to the Transferor for the Transaction nor assets and liabilities of the Transferor had been transferred to the Group as at Completion Date (Note 33(b)).

Both Property Owner and Transferor are indirect subsidiaries of Zhuhai Huafa Group Company Limited ("Zhuhai Huafa"), controlling shareholder of the Company. Since the Company, Transferor and Two Hotels Operation were all controlled by Zhuhai Huafa before and after the Completion Date, the Transaction is therefore regarded as "common control combination". Accordingly, the Group has applied merger accounting to account for the Two Hotels Operation in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Two Hotels Operation is principally engaged in the provision of hotel operation services in the Mainland China.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost convention, except for financial asset at fair value through profit or loss ("FVTPL") which is carried at fair value.

(c) Merger accounting for business combination under common control

The consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as if the Transaction had been completed at the beginning of the earliest period presented or combining entities first came under the control of the controlling party because the Transaction was regarded as a business combination under common control of Zhuhai Huafa before and after the Completion Date.

Accordingly, the Two Hotels Operation was included in the consolidated financial statements from the beginning of the earliest period presented as if the Two Hotels Operation had always been part of the Group. As a result, the Group has restated the 2018 comparative amounts of the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year by including the operating results of Two Hotels Operation, as if the Transaction had been completed on the earliest date of the periods being presented, i.e., 1 January 2018. The consolidated statement of financial position of the Group as at 31 December 2018 was restated to include the assets and liabilities of the Two Hotels Operation. The Two Hotels Operation presented in the Company's consolidated financial statements was included in hotel operation, hotel management, hotel advisory and exhibition services segment.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(c) Merger accounting for business combination under common control (Continued)

The following is a reconciliation of the effect arising from the common control combination on the consolidated statement of financial position and consolidated statement of comprehensive income in connection with the Transaction.

	As at 31 December 2018		
	The Group HK$'000 (As previously reported)	Two Hotels Operation HK$'000	The Group HK$'000 (Restated)
Financial position			
Non-current assets	78,334	3,663	81,997
Current assets	254,957	213,558	468,515
Total assets	333,291	217,221	550,512
Non-current liabilities	103	–	103
Current liabilities	124,260	113,332	237,592
Total liabilities	124,363	113,332	237,695
Total equity	208,928	103,889	312,817

	For the year ended 31 December 2018		
	The Group HK$'000 (As previously reported)	Two Hotels Operation HK$'000	The Group HK$'000 (Restated)
Results of operations			
Revenue	247,278	257,397	504,675
Operating profit	7,072	56,410	63,482
Profit for the year	2,254	42,409	44,663
Profit attributable to:			
Owners of the Company	36	34,188	34,224
Non-controlling interests	2,218	8,221	10,439
Earnings per share attributable to owners of the Company for the year (HK cent)			
– Basic and diluted	0.0004	N/A	0.3402

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(d) New standards, amendments to existing standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to existing standards and interpretations for the first time for their reporting period commencing 1 January 2019:

Standards	Subject of amendment
Annual Improvements Project	Annual Improvements 2015-2017 Cycle
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates or Joint Ventures
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The impact of the adoption of HKFRS 16, "Leases" is disclosed in Note 2.2.

Apart from aforementioned HKFRS 16, there are no other new standards, amendments to existing standards and interpretations that are effective for the first time for this reporting period that could be expected to have a material impact on the Group.

(e) New standards, amendments to existing standards and interpretations not yet adopted

Certain new accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2019 reporting period and have not been early adopted by the Group:

Standards	Subject of amendment	Effective for annual years beginning on or after
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019. The Group intends to apply the simplified transition approach and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing recognition rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2018, but are recognised in the opening consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.84%.

The following table reconciles the operating lease commitments as disclosed in Note 32 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$’000
Operating lease commitments as at 31 December 2018	415,604
Less: Short-term and low-value leases recognised on a straight-line basis as expense	(19,078)
	396,526
Discounted using the lessee’s incremental borrowing rate at the date of initial application, lease liabilities recognised as at 1 January 2019	272,472
Of which are:	
Current lease liabilities	24,021
Non-current lease liabilities	248,451
	272,472

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

The recognised right-of-use assets relate to the following types of assets:

	As at 31 December 2019 HK$'000	As at 1 January 2019 HK$'000
Office premises and Two Hotels	**56,644**	271,129
Office equipment	**752**	1,343
Total right-of-use assets	**57,396**	272,472

The following table shows the adjustments recognised for each individual line item upon the adoption of HKFRS 16. Line items that were not affected by the changes have not been included.

Consolidated statement of financial position (extract)	**As at 31 December 2018 As previously reported** HK$'000	**Effects of adoption of HKFRS 16** HK$'000	**As at 1 January 2019 Restated** HK$'000
Non-current assets			
Right-of-use assets	–	272,472	272,472
Current liabilities			
Lease liabilities	–	24,021	24,021
Non-current liabilities			
Lease liabilities	–	248,451	248,451

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(a) Impact on segment assets

Segment assets for 31 December 2019 increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	As at 31 December 2019 HK$'000
Financial printing services and related investments holding	36,676
Financial services	20,720
	57,396

(b) Impact on the segment results and cash flows of the Group

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

In the consolidated statement of cash flows, lease payments under HKFRS 16 are presented under financing cash outflows, rather than operating cash outflows for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flows.

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact on the segment results and cash flows of the Group (Continued)

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 HK$'000	HKFRS 16 Depreciation, interest expense and tax expense HK$'000	Estimated amounts related to operating leases as if under HKAS 17 HK$'000	Hypothetical amounts for 2019 as if under HKAS 17 HK$'000	Compared to amounts reported in 2018 under HKAS 17 HK$'000
Impacted by the adoption of HKFRS 16:					
Operating profit	36,801	27,157	(32,727)	31,231	63,482
Finance expenses, net	(12,598)	9,196	–	(3,402)	(2,385)
Profit before income tax	24,040	36,353	(32,727)	27,666	60,585
Income tax expense	(17,992)	(72)	–	(18,064)	(15,922)
Profit for the year	6,048	36,281	(32,727)	9,602	44,663
Segment results for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Financial printing services and related investments holding	(6,367)	5,212	(5,228)	(6,383)	(5,144)
Financial services	(15,543)	14,310	(13,861)	(15,094)	(1,784)
Hotel operation, hotel management, hotel advisory and exhibition services	73,843	16,831	(13,638)	77,036	74,690
Total	51,933	36,353	(32,727)	55,559	67,762

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(b) Impact on the segment results and cash flows of the Group (Continued)

Line items in the consolidated statement of cash flows for year ended 31 December 2019 impacted by the adoption of HKFRS 16:	2019 Amounts reported under HKFRS 16 HK$'000	2019 Estimated amounts related to operating leases as if under HKAS 17 HK$'000	2019 Hypothetical amounts for 2019 as if under HKAS 17 HK$'000	2018 Compared to amounts reported under HKAS 17 HK$'000
Cash (used in)/generated from operations	(10,541)	(32,727)	(43,268)	30,755
Net cash (used in)/generated from operating activities	(15,133)	(47,886)	(63,019)	33,343
Principal and interest element of lease payment	(32,727)	32,727	–	–
Net cash generated from financing activities	72,760	32,727	105,487	13,283

(c) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

2 Summary of significant accounting policies (Continued)

2.2 Changes in accounting policies (Continued)

(d) The Group's leasing activities and how these are accounted for

The Group leases Two Hotels, various office premises and office equipment. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2.3 Principles of consolidation and equity accounting

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

(i) fair values of the assets transferred

(ii) liabilities incurred to the former owners of the acquired business

(iii) equity interests issued by the Group

(iv) fair value of any asset or liability resulting from a contingent consideration arrangement, and

(v) fair value of any pre-existing equity interest in the subsidiary.

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

(i) consideration transferred,

(ii) amount of any non-controlling interest in the acquired entity, and

(iii) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(c) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (d) below), after initially being recognised at cost.

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2 Summary of significant accounting policies (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(e) Changes in ownership interests (Continued)

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(f) Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous date of statement of financial position or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Executive Directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "Other income and other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equities classified as financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates; and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Leasehold improvements	Over the unexpired periods of the leases and their expected useful lives of 2 to 5 years, whichever is shorter
Office equipment	2 to 5 years
Furniture and fixtures	2 to 5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3(a). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs"), for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose. The CGUs or groups of CGUs are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

2 Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(a) Goodwill (Continued)

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trading rights

The acquisition costs for trading rights at The Hong Kong Stock Exchange Limited and Hong Kong Futures Exchange Limited ("trading rights") are recognised as intangible assets in the consolidated statement of financial position. They have indefinite useful lives and are tested annually for impairment and carried at cost less accumulated impairment losses.

(c) Computer softwares

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (10 years).

2.9 Impairment of non-financial assets, investments in subsidiaries and associates

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The Group assesses at the end of each reporting period whether there is any objective evidence that its interests in the associate are impaired. Such objective evidence includes whether there has been any significant adverse changes in the technological, market, economic or legal environment in which the associate operate or whether there has been a significant or prolonged decline in value below their cost. If there is an indication that an interest in an associate is impaired, the Group assesses whether the entire carrying amount of the investment (including goodwill) is recoverable. An impairment loss is recognised in profit or loss for the amount by which the carrying amount exceeds the higher of the investment's fair value less costs to sell and value in use. Any reversal of such impairment loss (excluding goodwill) in subsequent periods is reversed through profit or loss.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries in the period the dividend is declared or if the carrying amount of the relevant investment in the Company's statement of financial position exceeds its carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies (Continued)

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 Summary of significant accounting policies (Continued)

2.10 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Debts instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains, net in the period in which it arises.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "other income and other gains, net" in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

2 Summary of significant accounting policies (Continued)

2.10 Investments and other financial assets (Continued)

(d) Impairment (Continued)

For margin loans receivables and other receivables, a summary of the assumptions underpinning the Group's expected credit loss model is as follows:

- Stage 1, if it was not credit-impaired upon origination, and there has not been a significant increase in its credit risk. Stage 1 expected credit losses are measured as the credit loss that is expected to result from a default occurring within the next 12 months;

- Stage 2, if it was not credit-impaired upon origination but has since experienced a significant increase in credit risk. Stage 2 expected credit losses are measured as the credit loss that is expected over the expected remaining life of the financial asset;

- Stage 3, if it has been credit-impaired with objective evidence of default. Stage 3 expected credit losses are also measured as the credit loss that is expected over the expected remaining life of the financial asset.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is measured by using specific identification of their individual costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2 Summary of significant accounting policies (Continued)

2.14 Margin loans receivable

Margin loans receivable are amounts due from margin clients for margin financing services rendered in the ordinary course of business. These amounts are bearing interest at commercial rates, secured by the underlying pledged listed securities and are repayable on demand.

2.15 Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due. The impairment of contract assets is measured, presented and disclosed on the basis set out in Note 3.1. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration.

2.16 Client trust bank balances

The Group has classified in the consolidated statement of financial position the clients' deposits as client trust bank balances in the current assets section and recognised a corresponding trade payable to the respective clients under the current liabilities section.

2.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of pledged deposits.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers and the payable arising from the client trust bank balances as mentioned in Note 2.16. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Summary of significant accounting policies (Continued)

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of comprehensive income as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 Summary of significant accounting policies (Continued)

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and branches operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 Summary of significant accounting policies (Continued)

2.23 Provisions

Provisions for legal claims and service warranties are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Revenue recognition

(i) The Group provides various services including financial printing and translation services, securities underwriting services, securities and futures brokerage services, financial consultancy and advisory services, hotel operation, hotel management, hotel advisory services and exhibition services and hotel operation services. Revenue from providing services is recognised over the period in which the services are rendered because the customer receives and uses the benefits simultaneously.

The Group normally can complete the provision of services within 12 months in a fiscal year. For financial printing and translation services, which may last over 12 months, progress towards complete satisfaction of the performance obligation ("Progress") is determined based on direct measurements of the value transferred to the customers, by reference to services performed to date as a percentage of total services estimated to be performed for each project.

Estimates of revenues, cost of sales or extent of Progress are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs of sales are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For financial services, underwriting and placement commission income is recognised upon the completion of the individual performance obligation. Revenue from advisory advices relating to corporate finance and underwriting activities is recognised when the performance obligation is satisfied and the entity has an enforceable right to payment for performance completed to date.

Hotel accommodation revenue and other ancillary services are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

2 Summary of significant accounting policies (Continued)

2.24 Revenue recognition (Continued)

(ii) Interest income is recognised on a time basis on the principal outstanding at the applicable interest rate.

(iii) Dividend income is recognised when the rights to receive payment is established.

2.25 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(c) Post-employment obligations

The Group operates a defined contribution pension plan and pays contributions to publicly administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (Continued)

2.25 Employee benefits (Continued)

(e) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(f) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(g) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(h) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 Summary of significant accounting policies (Continued)

2.26 Lease

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change is set out in Note 2.2.

(a) Lease accounting policies adopted from 1 January 2019

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date when the leased asset is available for use by the Group.

Leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

2 Summary of significant accounting policies (Continued)

2.26 Lease (Continued)

(a) Lease accounting policies adopted from 1 January 2019 (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

(b) Lease accounting policies adopted before 31 December 2018

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the leases.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial Risk Management

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's risk management is predominantly controlled by a central treasury department ("Group treasury") under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk, and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk from various currency exposures, primarily with respect to Chinese Renminbi ("RMB") and United States dollar ("USD").

Management has a policy to require group companies to manage their foreign exchange risks against their respective functional currencies. It mainly includes managing the exposures arisen from sales and purchases made by relevant group companies in currencies other than their own functional currencies. The Group also manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposure. The Group has not used any hedging arrangement to hedge its foreign exchange risk exposure.

As the assets and liabilities of each company within the Group are mainly denominated in the respective company's functional currency, the directors are of the opinion that the Group's volatility of its profits against changes in exchange rates of foreign currencies would not be significant.

(ii) Cash flow and fair value interest rate risk

The Group's significant interest bearing assets are margin loans receivable, cash at bank and bank deposits, where the interest rate is low in the current environment.

As at 31 December 2019, if interest rates on margin loans receivable and cash at bank and bank deposits, had been 50 basis points (2018: 50 basis points) higher/lower with all other variables held constant, profit before income tax for the year would have been approximately HK$1,385,000 higher/lower (2018: profit before income tax would have been HK$1,382,000 higher/lower).

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The Group's interest rate risk also arises from short-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During the year ended 31 December 2019, the Group's short-term borrowings at variable rate were denominated in the HK$.

At 31 December 2019, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been HK$626,000 (2018: HK$230,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The financial asset at fair value through profit or loss represents 2.25% of equity interest in Hong Kong Johnson Holdings Co., Ltd. ("Hong Kong Johnson") (2018: 3% equity interest in Johnson Cleaning Service Company Limited ("Johnson Cleaning")), which is traded in an active market (2018: not traded in an active market).

If the price of the financial assets had been 10% higher/lower, the post-tax profit for the year would have been HK$821,000 (2018: HK$1,406,000) higher/lower.

(b) Credit risk

Credit risk arises from bank balances, deposits, client trust bank balances, margin loans receivable, trade and other receivables as well as contract assets.

(i) Risk Management

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at the reporting date is the carrying value of each class and category of financial assets mentioned above. The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

Majority of the Group's bank balances and deposits are placed in those banks and financial institutions which are independently rated with high credit ratings. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past.

As at year ended, the collaterals furnished by the margin clients for security of their loans and advances from the Group are listed securities which are listed in Hong Kong.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

Trade receivables and contract assets

Trade receivables and contract assets of the Group are subject to the expected credit loss model. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based in the nature of customer accounts, shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 31 December 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

In respect of trade receivables and contract assets, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows:

31 December 2019	**Current HK$'000**	**1-90 days past due HK$'000**	**91-180 days past due HK$'000**	**Over 180 days past due HK$'000**	**Total HK$'000**
Gross carrying amount – Trade receivables	83,480	28,297	15,842	16,967	144,586
Loss allowance	(12)	(38)	(307)	(11,365)	(11,722)
Gross carrying amount – Contract assets	4,803	–	–	–	4,803
Loss allowance	(2)	–	–	–	(2)

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) *Impairment of financial assets* (Continued)

Trade receivables and contract assets (Continued)

31 December 2018	Current HK$'000	1-90 days past due HK$'000	91-180 days past due HK$'000	Over 180 days past due HK$'000	Total HK$'000 (Restated)
Gross carrying amount					
– Trade receivables	35,701	18,676	8,338	9,236	71,951
Loss allowance	(7)	(29)	(178)	(8,163)	(8,377)

The expected loss rate of contract assets is assessed to be close to zero, as at 31 December 2018.

Margin loans receivable

For margin loans receivable, please refer to summary of assessment model with details in Note 2.10(d) and Note 21(c).

Other financial assets at amortised costs

Other financial assets at amortised cost include other receivables excluding prepayments. The credit quality of other financial assets at amortised cost has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties.

Included in "Other receivables, deposits and prepayments" was a receivable of HK$18,000,000 arisen from disposal of margin loans receivable, in which loss allowance of HK$180,000 was provided as at 31 December 2019. Except for this balance, the directors are of the opinion that the risk of default by these counterparties is not significant and does not expect any losses from non-performance by the counterparties. Therefore, no other loss allowance was made as at 31 December 2019 and 31 December 2018.

While cash and cash equivalents, client trust bank balances, restricted bank balances are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of available credit facilities. The Group continues to maintain a healthy net cash position by keeping credit lines available and to maintain flexibility in future funding.

The Group's primary cash requirements are payments for trade and other payables and operating expenses. The Group mainly finances its working capital requirements through internal resources.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient cash balances and adequate credit facilities to meet its liquidity requirements in the short and long-term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2019			
	Current or less than 12 months HK$'000	1 to 5 Years HK$'000	Over 5 years HK$'000	Total HK$'000
Trade payables	141,548	–	–	141,548
Financial liabilities included in other payables and accruals	22,471	–	–	22,471
Bank borrowings	157,184	–	–	157,184
Lease liabilities (including interest payment)	30,287	30,542	–	60,829
	351,490	30,542	–	382,032

	As at 31 December 2018			
	Current or less than 12 months HK$'000	1 to 5 Years HK$'000	Over 5 years HK$'000	Total HK$'000 (Restated)
Trade payables	76,131	–	–	76,131
Financial liabilities included in other payables and accruals	31,799	–	–	31,799
Bank borrowings	57,613	–	–	57,613
	165,543	–	–	165,543

3 Financial Risk Management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt includes bank borrowings and lease liabilities less cash and cash equivalents and restricted bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2019 HK$'000	2018 HK$'000 (Restated)
Bank borrowings (Note 27)	**150,000**	55,000
Lease liabilities (Note 14(b))	**57,830**	–
Less: cash and cash equivalents (Note 24)	**(271,237)**	(220,780)
Less: restricted bank balances (Note 24)	**–**	(15,000)
Net debt	**(63,407)**	(180,780)
Total equity	**194,057**	312,817
Total capital	**130,650**	132,037

Management considers the Group's capital risk is minimal as the cash and cash equivalents and restricted bank balances exceeds bank borrowings as at 31 December 2019 and 2018.

3 Financial Risk Management (Continued)

3.3 Fair value estimation

The Group's financial instruments carried at fair value, by valuation method. The difference levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2019 and 31 December 2018, respectively.

As at 31 December 2019	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
Listed equity investment	**8,213**	**–**	**–**	**8,213**

As at 31 December 2018	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Unlisted equity investment	–	–	14,064	14,064

Transfers between level 1 and 3

The Group transferred the financial asset at fair value through profit or loss from level 3 into level 1 as Hong Kong Johnson is listed on Main Board for the year ended 31 December 2019. This resulted in the change of the fair value classification as the listed equity investment is traded in active market and under Level 1 category. There were no transfer of financial assets in the fair value hierarchy classifications for the year ended 31 December 2018.

4 Critical accounting estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Revenue and cost of sales recognition

The Group recognised revenue from provision of financial printing and translation services over time by reference to the Progress at the reporting date. The Progress is determined based on direct measurements of the value transferred to the customers, by reference to services performed to date as a percentage of total services estimated to be performed for each project. The Group is also required to estimate the total service costs of each project to determine the appropriate amount of cost of sales. Service costs are recognised as expenses by reference to the Progress at the end of the reporting period. The computation of the Progress and estimation of total service costs for each project require the use of judgement and estimates.

(b) Impairment of contract assets and trade receivables

The Group makes allowances on contract assets and trade receivables based on assumptions about risk of default and expected loss rates. The allowance for contract assets and trade receivables reflects lifetime expected credit losses i.e. possible default events over the expected life of the contract assets and trade receivables, weighted by the probability of that default occurring. Judgement has been applied in determining the level of expected credit losses, taking into account the future cash flow for contract assets and trade receivables including a probability weighted amount determined by evaluating a range of possible outcomes based on the historical credit losses experience by customers, economic factors as well as forward looking estimates in assessing the likelihood of recovery from customer at the end of each reporting period. While the allowance is considered appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of allowance recorded and consequently on the charge or credit to profit or loss.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Key assumptions used in the value-in-use calculations are disclosed in Note 16.

5 Revenue and segment information

The chief operating decision-maker has been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's reportable segments represents a strategic business unit that is subject to risks and returns that are different from other reportable operating segments.

The Group is principally engaged in the following:

- Financial printing services and related investments holding – provision of financial printing, translation services and investments holding;

- Financial services – securities underwriting, securities and futures brokerage, consultancy and advisory services; and

- Hotel operation, hotel management, hotel advisory and exhibition services – provision of hotel operation services, hotel management services, hotel advisory services and exhibition planning and organisation services.

The Executive Directors consider all assets and revenue relating to the operations are primarily located in Hong Kong and Mainland China.

Segment assets mainly exclude interests in associates, restricted bank balances, deferred tax assets and other assets that are managed on a central basis.

Segment liabilities mainly exclude income tax payable, deferred tax liabilities, bank borrowings and other liabilities that are managed on a central basis.

During the year ended 31 December 2019, revenues of approximately HK$140,326,000 (2018 restated: HK$82,154,000) are derived from Zhuhai Huafa and its subsidiaries.

The Executive Directors assess the performance of the operating segments based on their underlying profit, which is measured by profit before income tax, excluding income and expenses that are managed on a central basis.

5 Revenue and segment information (Continued)

	Financial printing services and related investments holding		Financial Services		Hotel operation, hotel management, hotel advisory and exhibition services		Total	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000 (Restated)	2019 HK$'000	2018 HK$'000 (Restated)
Segment revenue	128,911	129,546	58,552	94,162	340,846	280,967	528,309	504,675
Inter-segment revenue	(1,242)	–	–	–	–	–	(1,242)	–
Revenue from external customers	127,669	129,546	58,552	94,162	340,846	280,967	527,067	504,675
Segment results	(6,367)	(5,144)	(15,543)	(1,784)	73,843	74,690	51,933	67,762
Unallocated income							1,111	475
Unallocated expenses							(28,841)	(7,140)
Share of results of associates							(163)	(512)
Income tax expense							(17,992)	(15,922)
Profit for the year							6,048	44,663
Segment assets	156,084	81,441	128,882	91,366	63,318	127,810	348,284	300,617
Unallocated assets							291,104	249,895
Total assets							639,388	550,512
Segment liabilities	113,052	33,283	80,820	27,613	87,788	101,874	281,660	162,770
Unallocated liabilities							163,671	74,925
Total liabilities							445,331	237,695
Other segment information:								
Additions to non-current assets	42,207	207	453	1,353	2,144	1,917	44,804	3,477
Cost of sales	(78,570)	(95,711)	(31,262)	(37,704)	(188,542)	(136,452)	(298,374)	(269,867)
Depreciation of property, plant and equipment	(1,026)	(1,077)	(976)	(2,134)	(13)	(749)	(2,015)	(3,960)
Depreciation of right-of-use assets	(4,778)	–	(13,086)	–	(9,293)	–	(27,157)	–
Amortisation of intangible assets	–	–	–	–	(20)	(32)	(20)	(32)
Loss allowance for contract assets	(2)	–	–	–	–	–	(2)	–
Loss allowance for other receivables	–	–	(180)	–	–	–	(180)	–
Loss allowance/(reversal of loss allowance) for trade receivables and margin loans receivable	(4,339)	492	(773)	(21,090)	(43)	–	(5,155)	(20,598)
Fair value (losses)/gains on financial asset at fair value through profit or loss	–	–	(5,851)	5,064	–	–	(5,851)	5,064

Note: There were no sales between three operating segments for the year ended 31 December 2018.

5 Revenue and segment information (Continued)

The Group's revenue by geographical location is determined by the location of services rendered and the geographical location of non-current assets is determined by where the assets are located and are detailed below:

	Revenue from external customers recognised over-time		Non-current assets (Note)	
	2019 HK$'000	2018 HK$'000 (Restated)	**2019 HK$'000**	2018 HK$'000 (Restated)
Hong Kong	**186,221**	223,708	**87,677**	22,617
Mainland China	**340,846**	280,967	**576**	3,663
	527,067	504,675	**88,253**	26,280

Note: Non-current assets exclude interests in associates, financial asset at fair value through profit or loss and deferred tax assets.

For the year ended 31 December 2019, the segment results shown in financial printing services and related investments holding segment represent the financial results of Miracle View Group Limited (a directly wholly-owned subsidiary of the Company) and its subsidiaries.

6 Other income and other gains, net

	2019 HK$'000	2018 HK$'000 (Restated)
Recharge of administrative expenses to a related party (Note 33(b))	**4,250**	3,990
Fair value (losses)/gains on financial asset at fair value through profit or loss (Note 18)	**(5,851)**	5,064
Gain on disposal of margin loans receivable	**14,316**	–
Gain on early termination of a lease contract	**3,192**	–
Foreign exchange losses, net	**(62)**	(307)
Others	**913**	987
	16,758	9,734

7 Expenses by nature

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Services costs for financial printing services	21,779	43,864
Employee benefit expenses, including directors' emoluments (Note 8)	216,594	178,078
Operating lease rentals for rented office premises and equipment	–	50,261
Expenses related to short-term and low value lease payments	35,674	–
Depreciation of property, plant and equipment (Note 14(a))	2,015	3,960
Depreciation of right-of-use assets (Note 14(b))	27,157	–
Amortisation of intangible assets	20	32
Auditor's remuneration		
– Audit services	2,500	1,999
– Non-audit services	1,583	220
Legal and professional fee	23,198	7,630
Loss allowance for trade receivables and margin loans receivable	5,155	20,598
Loss allowance for contract assets	2	–
Loss allowance for other receivables	180	–
Royalty and incentive fee	8,969	9,982
Greening and cleaning expenses	2,345	2,473
Marketing service costs	2,595	3,703
Telecommunication expenses	3,834	3,037
Others	153,424	125,090
Total cost of sales, selling and distribution expenses and administrative expenses	507,024	450,927

8 Employee benefit expenses

	2019 HK$'000	2018 HK$'000 (Restated)
Salaries, commissions, bonuses and other allowances	208,054	170,517
Pension costs – defined contribution plan	8,540	7,561
	216,594	178,078

9 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The emoluments of every director and the chief executive of the Company during the years ended 31 December 2019 and 2018 which were included in the employee benefit expenses as disclosed in Note 8 are as follows:

For the year ended 31 December 2019:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
Executive directors							
Li Guangning	120	–	–	–	–	–	120
Xie Wei	120	–	–	–	–	–	120
Guo Jin (Note b)	120	–	–	–	–	–	120
Tze Kan Fat (Note c)	–	3,019	1,580	19	18	–	4,636
Non-executive directors							
Zhang Kui Hong	–	–	–	–	–	–	–
Shong Hugo	–	–	–	–	–	–	–
Qie Yan (Note d)	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	100	–	–	–	–	–	100
Sun Mingchun	100	–	–	–	–	–	100
Tse Yung Hoi	100	–	–	–	–	–	100
Total	660	3,019	1,580	19	18	–	5,296

9 Benefits and interests of directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2018:

Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
Executive directors							
Li Guangning	120	–	–	–	–	–	120
Xie Wei	120	–	–	–	–	–	120
Wu Jiang (Note a)	36	–	–	–	–	–	36
Guo Jin (Note b)	84	–	–	–	–	–	84
Non-executive directors							
Zhang Kui Hong	–	–	–	–	–	–	–
Shong Hugo	–	–	–	–	–	–	–
Qie Yan (Note d)	–	–	–	–	–	–	–
Independent non-executive directors							
Chen Jieping	100	–	–	–	–	–	100
Sun Mingchun	100	–	–	–	–	–	100
Tse Yung Hoi	100	–	–	–	–	–	100
Total	660	–	–	–	–	–	660

Note a: Wu Jiang resigned on 18 April 2018.
Note b: Guo Jin was appointed on 18 April 2018.
Note c: Tze Kan Fat was appointed on 28 June 2019.
Note d: Qie Yan resigned on 28 June 2019.

9 Benefits and interests of directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertakings HK$'000	Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertakings HK$'000	Total HK$'000
For the year ended 31 December 2019	**660**	**4,636**	**5,296**
For the year ended 31 December 2018	660	–	660

(b) Five highest-paid employees

Out of the five employees with the highest emoluments in the Group, one of them (2018: none) was director of the Company whose emolument is included in Note 9(a) above. The emoluments of the four (2018: five) individuals were as follows:

	2019 HK$'000	2018 HK$'000
Salaries, commissions and other allowances	**26,422**	26,973
Retirement benefits scheme contributions	**72**	90
	26,494	27,063

9 Benefits and interests of directors (Continued)

(b) Five highest-paid employees (Continued)

The emoluments fell within the following bands:

	No. of employees	
	2019	2018
HK$2,000,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$4,000,000	**–**	1
HK$4,000,001 – HK$5,000,000	**1**	–
HK$5,000,001 – HK$6,000,000	**1**	2
HK$6,000,001 – HK$7,000,000	**1**	–
HK$8,000,001 – HK$9,000,000	**–**	1
HK$10,000,001 – HK$11,000,000	**1**	–

(c) Directors' retirement benefits

None of the directors received or will receive any retirement benefits from a defined benefit pension plan during the year (2018: HK$nil).

(d) Directors' retirement benefit

None of the directors received any retirement benefits during the year (2018: HK$nil).

(e) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2018: HK$nil).

(f) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2019, the Company did not pay consideration to any third parties for making available directors' services (2018: HK$nil).

(g) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2019, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: HK$nil).

(h) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: HK$nil).

10 Finance expenses, net

	2019 HK$'000	2018 HK$'000 (Restated)
Interest expense:		
– Bank borrowings	**(4,513)**	(1,975)
– Loan from a related party	**–**	(883)
– Bank overdraft	**–**	(2)
– Lease liabilities (Note 14(b))	**(9,196)**	–
	(13,709)	(2,860)
Interest income:		
– Bank deposits	**1,111**	288
– Listed subordinated notes	**–**	187
	1,111	475
Finance expenses, net	**(12,598)**	(2,385)

11 Income tax expense

Hong Kong profits tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profit during the year.

PRC corporate income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2019 and 2018 based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in the PRC is 25% or 15%.

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2019 HK$'000	2018 HK$'000 (Restated)
Current tax	**16,511**	18,150
Deferred tax (Note 28)	**1,481**	(2,228)
Income tax expense	**17,992**	15,922

11 Income tax expense (Continued)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to results of the consolidated companies as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Profit before income tax expense	**24,040**	60,585
Tax calculated at domestic tax rates applicable to profits in the respective jurisdictions	**7,790**	15,784
Income not subject to tax	**(218)**	(919)
Expenses not deductible for tax purpose	**8,058**	2,176
Associates' results reported net of tax	**27**	84
Tax loss of which no deferred tax assets were recognised	**3,360**	2,729
Utilisation of previously unrecognised tax losses	**(1,025)**	(3,932)
Income tax expense	**17,992**	15,922

12 Earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$4,265,000 (2018 restated: approximately HK$34,224,000) and the weighted average number of ordinary shares in issue during the year of 10,060,920,000 (Note 29) (2018: 10,060,920,000).

	2019 HK$'000	2018 HK$'000 (Restated)
Profit attributable to owners of the Company	**4,265**	34,224
Shares		
Weighted average number of ordinary shares in issue ('000)	**10,060,920**	10,060,920

	2019 HK cent	2018 (Restated) HK cent
Basic and diluted earnings per share	**0.0424**	0.3402

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2019 and 2018, respectively.

13 Dividends

No dividend has been paid or declared by the Company for the years ended 31 December 2019 and 2018.

14(a) Property, plant and equipment

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000 (Restated)
Year ended 31 December 2018					
Opening net book amount	1,237	2,521	520	954	5,232
Business combination under common control (Note 2.1(c))	671	518	332	763	2,284
Opening net book amount (Restated)	1,908	3,039	852	1,717	7,516
Additions	1,188	1,132	1,157	–	3,477
Depreciation (Note 7)	(1,563)	(1,146)	(502)	(749)	(3,960)
Disposals	–	(9)	–	–	(9)
Exchange differences	(3)	(5)	(3)	(5)	(16)
Closing net book amount	1,530	3,011	1,504	963	7,008
At 31 December 2018					
Cost	14,198	12,057	6,214	2,840	35,309
Accumulated depreciation	(12,668)	(9,046)	(4,710)	(1,877)	(28,301)
Net book amount	1,530	3,011	1,504	963	7,008
Year ended 31 December 2019					
Opening net book amount	**1,530**	**3,011**	**1,504**	**963**	**7,008**
Additions	**4,747**	**1,566**	**1,311**	**169**	**7,793**
Disposal	**(1,094)**	**(1,172)**	**(2,513)**	**(204)**	**(4,983)**
Depreciation (Note 7)	**(402)**	**(1,117)**	**(100)**	**(396)**	**(2,015)**
Exchange differences	**(4)**	**(2)**	**(1)**	**(2)**	**(9)**
Closing net book amount	**4,777**	**2,286**	**201**	**530**	**7,794**
At 31 December 2019					
Cost	**17,669**	**12,327**	**4,888**	**2,472**	**37,356**
Accumulated depreciation	**(12,892)**	**(10,041)**	**(4,687)**	**(1,942)**	**(29,562)**
Net book amount	**4,777**	**2,286**	**201**	**530**	**7,794**

Depreciation expenses of approximately HK$636,000 (2018 restated: HK$863,000) and HK$1,379,000 (2018 restated: HK$3,097,000) has been charged to cost of sales and administrative expenses, respectively.

14(b) Leases

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2019 HK$'000	As at 1 January 2019 HK$'000
Right-of-assets		
Office premises and Two Hotels	56,644	281,395
Office equipment	752	1,343
Total right-of-use assets	57,396	282,738
Lease liabilities		
Current	28,326	24,515
Non-current	29,504	258,223
Total lease liabilities	57,830	282,738

Additions to the right-of-use assets during the year ended 31 December 2019 were HK$37,011,000.

Because of early termination of lease agreements between the Transferor and the Property Owner upon hotel transfer Completion Date, right-of-use assets with net book value amounting to HK$224,929,000 and related lease liabilities were derecognised during the year ended 31 December 2019. Gain on early termination of a lease contract amounting to HK$3,192,000 was included in "Other income and other gains, net" (Note 6).

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2019 HK$'000	2018 HK$'000
Depreciation of right-of-use assets		
Office premises and Two Hotels	26,566	–
Office equipment	591	–
	27,157	–
Interest expense of lease liabilities (Note 10)	9,196	–

The total cash payment for leases during the year ended 31 December 2019 was HK$32,727,000.

15 Interests in associates

	2019 HK$'000	2018 HK$'000
At 1 January	**39,485**	39,997
Share of losses	**(163)**	(512)
At 31 December	**39,322**	39,485

The particulars of the associates are:

Name	Place of incorporation	Principal activities and place of operation	Effective interest held 2019	Effective interest held 2018	Measurement method
Dreamy City Limited	British Virgin Islands ("BVI")	Investment holding in Hong Kong	**30%**	30%	Equity accounting
Cheer Chain Limited	Hong Kong	Engage in the development of children's online educational content and related products in the PRC and Hong Kong	**30%**	30%	Equity accounting
廣州益貝兒信息科技有限公司	PRC	Engage in software and information technology in PRC	**30%**	30%	Equity accounting

There are no contingent liabilities relating to the Group's interests in the associates.

16 Intangible assets

	2019 HK$'000	2018 HK$'000 (Restated)
Goodwill (Note)	**10,628**	10,628
Trading rights	**1,000**	1,000
Computer softwares	**–**	227
At 31 December	**11,628**	11,855

Note:

Goodwill arose from the acquisition of WAG Worldsec Corporate Finance Limited ("WAG") in 2016.

The recoverable amount of a CGU is determined based on a value-in-use calculation. The calculation uses pre-tax cash flow projection based on five-year financial budget approved by management using the estimated growth rate of 5% (2018: 5%). Cash flows beyond the five-year period are extrapolated assuming a terminal growth rate of 3% (2018: 3%) and no material change in the existing scope of business, business environment and market conditions. The discount rate applied to the cash flow projections is 15% (2018: 15%) and management believes it reflects specific risks relating to the segment. Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

17 Principal subsidiaries

(a) Details of the principal subsidiaries as at 31 December 2019 are as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued and paid up capital	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Miracle View Group Ltd	BVI, limited liability company	Investment holding in Hong Kong	US$3,158,077	100%	100%	–
iOne Financial Press Limited	Hong Kong, limited liability company	Provision of financial printing services in Hong Kong	HK$10,000,000	–	60%	40%
WAG Worldsec Corporate Finance Limited	Hong Kong, limited liability company	Provision of financial advisory service in Hong Kong	HK$17,500,000	100%	100%	–
Huajin Financial (International) Holdings Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$126,467,000	100%	100%	–
Huajin Securities (International) Limited	Hong Kong, limited liability company	Provision of securities dealing and advisory service in Hong Kong	HK$150,000,000	–	100%	–
Huajin Futures (International) Limited	Hong Kong, limited liability company	Future contracts dealing in Hong Kong	HK$25,000,000	–	100%	–
Huajin Finance (International) Limited	Hong Kong, limited liability company	Provision of money lending service in Hong Kong	HK$5,000,000	–	100%	–
Huajin Research (International) Limited	Hong Kong, limited liability company	Provision of securities advisory in Hong Kong	HK$500,000	–	100%	–
Huajin International Bay Area High-end Services Holdings Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	HK$1,230,000	100%	100%	–
珠海市橫琴新區華金國際酒店管理有限公司	PRC, limited liability company	Provision of hotel operation, hotel management and hotel advisory services in PRC	RMB50,500,000	–	100%	–
珠海市橫琴新區華金國際會展服務有限公司	PRC, limited liability company	Provision of exhibition services in PRC	RMB500,000	–	100%	–

17 Principal subsidiaries (Continued)

(b) Material non-controlling interests

The non-controlling interests as at 31 December 2019 amounting to HK$12,680,000 was attributed to Rising Win Group Limited and its subsidiaries ("Rising Win Group"). Rising Win Limited is an investment holding company and its subsidiaries are principally engaged in the provision of financial printing services in Hong Kong. Its immediate holding company is Miracle View Group Limited.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiaries that have non-controlling interests that are material to the Group.

Summarised statement of financial position

	Rising Win Group	
	As at 31 December 2019 HK$'000	As at 31 December 2018 HK$'000
Current		
Assets	**108,078**	68,269
Liabilities	**(101,463)**	(33,281)
Total current net assets	**6,615**	34,988
Non-current		
Assets	**46,096**	1,294
Liabilities	**(21,488)**	–
Total non-current net assets	**24,608**	1,294
Net assets	**31,223**	36,282

17 Principal subsidiaries (Continued)

(b) Material non-controlling interests (Continued)

Summarised statement of profit or loss

	Rising Win Group Year ended 31 December	
	2019 HK$'000	2018 HK$'000
Revenue	**128,856**	130,069
Loss before tax	**(5,057)**	(3,337)
Income tax (expense)/credit	**(3)**	14
Total comprehensive loss for the year	**(5,060)**	(3,323)
Total comprehensive loss allocated to non-controlling interests	**(2,024)**	(2,218)
Dividend paid to non-controlling interests	**–**	–

	Rising Win Group Year ended 31 December	
	2019 HK$'000	2018 HK$'000
Net cash generated from/(used in) operating activities	**12,724**	(6,368)
Net cash (used in)/generated from investing activities	**(5,166)**	63
Net cash used in financing activities	**(5,219)**	(1)
Net increase/(decrease) in cash and cash equivalents	**2,339**	(6,306)
Cash and cash equivalents at beginning of year	**16,387**	22,693
Cash and cash equivalents at end of year	**18,726**	16,387

The information above is the amount before inter-company eliminations.

18 Financial asset at fair value through profit or loss

Financial asset at fair value through profit or loss include the following:

	2019 HK$'000	2018 HK$'000
Unlisted equity investment in Hong Kong	**–**	14,064
Listed equity investment in Hong Kong	**8,213**	–
At 31 December	**8,213**	14,064

Movement in the financial asset at fair value through profit or loss is as follows:

	2019 HK$'000	2018 HK$'000
As at 1 January	**14,064**	–
Reclassified from available-for-sale investments upon adoption of HKFRS 9	**–**	9,000
Fair value (losses)/gains (charged)/credited to profit or loss (Note 6)	**(5,851)**	5,064
At 31 December	**8,213**	14,064

Note:

(a) The balance represented fair value of the Group's 2.25% equity interest in Hong Kong Johnson (2018: 3% equity interest in Johnson Cleaning) and was denominated in HK$.

During the year ended 31 December 2019, Johnson Cleaning underwent the reorganisations due to the listing of the Hong Kong Main Board of The Stock Exchange of Hong Kong Limited. In January 2019, the Company swapped its entire equity interest in Johnson Cleaning for 11,250,000 share of Hong Kong Johnson at nil consideration. Upon the completion of reorganisation, Johnson Cleaning becomes an indirect wholly owned subsidiary of Hong Kong Johnson and the Group held 3% equity interest in Hong Kong Johnson. Immediately following the global offering and listing on the Hong Kong Main Board on 16 October 2019, the Group legally and beneficially held 2.25% equity interest in Hong Kong Johnson.

18 Financial asset at fair value through profit or loss (Continued)

Note: (Continued)

(b) Valuation of financial asset at fair value through profit or loss

2019: Fair value of listed equity investment
Hong Kong Johnson is listed on Hong Kong Main Board on 16 October 2019.

The fair value of financial asset at fair value through profit or loss traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for the listed equity investment held by the Group is the current bid price.

2018: Fair value of unlisted equity investment
The fair value of the unlisted equity investment that is not traded in an active market is determined by an independent qualified valuer, Avista Valuation Advisory Limited.

The valuation of financial asset at fair value through profit or loss determined using discounted cash flow projections and are within level 3 of fair value hierarchy. The significant unobservable inputs are revenue growth rate and the rate of return on the investment. The lower the rate of return, the higher the fair value of the investment. The higher the revenue growth rate, the higher the fair value of the investment.

19 Inventories

	2019 HK$'000	2018 HK$'000 (Restated)
Food, beverages and consumables for hotel operations	**488**	1,787

The cost of inventories recognised as expense and included in "cost of sales" amounted to HK$26,846,000 (2018 restated: HK$26,890,000).

20 Contract assets and contract liabilities

	2019 HK$'000	2018 HK$'000 (Restated)
Contract assets relating to financial printing and translation services	**4,803**	4,097
Less: loss allowance	**(2)**	–
	4,801	4,097
Contract liabilities relating to financial printing and translation services	**12,132**	7,817
Contract liabilities relating to financial services	**5,794**	5,790
Contract liabilities relating to hotel operation services	**9,651**	14,895
	27,577	28,502

21 Trade receivables and margin loans receivable

	2019 HK$'000	2018 HK$'000 (Restated)
Trade receivables in relation to provision of financial printing and translation services	**84,611**	43,212
Trade receivables in relation to provision of underwriting, consultancy and advisory services	**2,520**	4,630
Trade receivables in relation to provision of hotel operation, hotel management, hotel advisory and exhibition services	**12,325**	7,776
Trade receivables from related companies	**21,325**	12,358
Gross trade receivables (Note (a))	**120,781**	67,976
Due from stockbrokers and clearing houses (Note (b))	**20,064**	3,938
Due from stockbroking clients (Note (b))	**3,741**	37
	144,586	71,951
Less: loss allowance		
– Financial printing and translation services	**(10,851)**	(8,244)
– Underwriting, consultancy and advisory services	**(773)**	–
– Hotel operation, hotel management, hotel advisory and exhibition services	**(98)**	(133)
	132,864	63,574
Margin loans receivable (Note (c))	**5,784**	40,569
Less: loss allowance	**–**	(21,090)
	5,784	19,479
Trade receivables and margin loans receivable, net	**138,648**	83,053

21 Trade receivables and margin loans receivable (Continued)

Note:

(a) As at 31 December 2019, the ageing analysis of trade receivables excluding amounts due from stockbrokers, clearing houses and stockbroking clients based on invoice date was as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Up to 90 days	**77,894**	40,797
91-180 days	**13,759**	12,049
Over 181 days	**29,128**	15,130
	120,781	67,976

Trade receivables are on general credit terms of 30-90 days (2018 restated: 30-90 days).

(b) The settlement terms of trade receivables attributable to the securities trading and stockbroking business are two days after the trade date, and those of trade receivables attributable to the futures broking business are one day after the trade date. No ageing analysis is disclosed for amounts due from stockbrokers, clearing houses and stockbroking clients.

(c) Margin loans to third parties are bearing interest at commercial rates, secured by the underlying pledged securities and are repayable on demand. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis is not meaningful in view of the nature of the business of securities margin financing.

As at 31 December 2018, the Group has margin loans receivable due from a third party amounting to HK$26,774,000, which was secured by a listed security that was suspended for trading since second half of 2018. The Group has made an impairment loss of HK$21,090,000 due to decrease in value of underlying pledged security. The net book value of this margin loans receivable is amounting to HK$5,684,000 as at 31 December 2018. During the year ended 31 December 2019, the Group has disposed of the margin loans receivable to a third party at a consideration of HK$20,000,000 resulting a gain on disposal amounting to HK$14,316,000, included in "Other income and other gains, net" (Note 6). Up to 31 December 2019, HK$2,000,000 consideration has been settled and the outstanding consideration receivable of HK$18,000,000 has been classified as "Other receivables, deposits and prepayments" as at 31 December 2019. Up to the date of this report, additional HK$2,000,000 has been settled while the outstanding consideration is expected be settled before 31 December 2020.

21 Trade receivables and margin loans receivable (Continued)

Note: (Continued)

(d) As at 31 December 2019 and 2018, the carrying amounts of trade receivables and margin loans receivable approximated their fair values.

Trade receivables and margin loans receivable were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000 (Restated)
HK dollar	**103,747**	72,152
RMB	**31,474**	10,428
USD	**3,427**	473
	138,648	83,053

The maximum exposure to credit risk as at the end of reporting period is the carrying values of the trade receivables and margin loans receivable.

22 Other receivables, deposits and prepayments

	2019 HK$'000	2018 HK$'000 (Restated)
Other receivables, deposits and prepayments	**71,728**	132,784
Less: loss allowance	**(180)**	–
Other receivables, deposits and prepayments – net	**71,548**	132,784
Less: non-current portion	**(11,435)**	(7,417)
	60,113	125,367

The balance mainly represents rental deposits, other deposits and other miscellaneous prepayments.

22 Other receivables, deposits and prepayments (Continued)

Other receivables, deposits and prepayments were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000 (Restated)
HK dollar	**40,487**	20,345
RMB	**31,241**	112,439
	71,728	132,784

As at 31 December 2019 and 2018, the carrying amounts of other receivables, deposits and prepayments approximated their fair values.

23 Client trust bank balances

Client trust bank balances were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
HK dollar	**27,646**	18,424
RMB	**31**	7
	27,677	18,431

The Group maintains trust and segregated accounts with authorised financial institutions to hold clients' deposits arising from normal business transactions. The Group has classified in the consolidated statement of financial position the clients' deposits as client trust bank balances in the current assets section and recognised the corresponding trade payables to the respective clients in the current liabilities section, on the grounds that the Group is liable for any misappropriation of the respective clients' deposits as stipulated under the Hong Kong Securities and Futures Ordinance ("SFO"). The Group is not allowed to use the clients' monies to settle its own obligations under the SFO. As such, these monies are not included in cash and cash equivalents of the Group for cash flow purposes in the consolidated statement of cash flows.

24 Cash and bank balances

	2019 HK$'000	2018 HK$'000 (Restated)
Cash and cash equivalents	**271,237**	220,780
Restricted bank balances	**–**	15,000
Cash and bank balances	**271,237**	235,780

Cash and bank balances were denominated in the following currencies:

	2019 HK$'000	2018 HK$'000 (Restated)
HK dollar	**104,261**	91,718
RMB	**162,799**	119,456
USD	**4,177**	24,606
	271,237	235,780

The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amount of cash and bank balances approximated their fair value.

25 Trade payables

	2019 HK$'000	2018 HK$'000 (Restated)
Due to stockbrokers and dealers (Note (a))	**2,399**	1,423
Due to stockbroking clients (Note (b))	**47,922**	17,891
Trade payables (Note (c))	**91,227**	56,817
	141,548	76,131

25 Trade payables (Continued)

Note:

(a) The settlement terms of amounts due to stockbrokers and dealers are 2 days after the trade date. No ageing analysis is disclosed for amounts due to stockbrokers and dealers as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

(b) The majority of the trade payables to stockbroking clients are on demand except where certain trade payables to stockbroking clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The amounts due to stockbroking clients are placed in trust and segregated accounts with authorised institutions. No ageing analysis is disclosed for amounts due to stockbroking clients as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

(c) The average credit period from the Group's trade creditors is 30 to 60 days (2018: 30 to 60 days), and the amounts are non-interest bearing.

The ageing analysis of other trade payables based on the invoice date was as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Up to 90 days	**68,393**	49,319
91-180 days	**15,075**	6,355
Over 181 days	**7,759**	1,143
	91,227	56,817

(d) Trade payables were denominated in the following currencies and approximated their fair values due to short term maturities.

	2019 HK$'000	2018 HK$'000 (Restated)
HK dollars	**84,876**	30,329
RMB	**56,672**	45,802
	141,548	76,131

26 Other payables and accruals

	2019 HK$'000	2018 HK$'000 (Restated)
Other payables and accruals (Note)	**58,647**	59,364

Note: The balance mainly represents accrued staff costs, accrued rental, provision of bonus and commission.

The carrying amounts of other payables and accruals were mainly denominated in the following currencies and approximated their fair values due to short term maturities.

	2019 HK$'000	2018 HK$'000 (Restated)
RMB	**24,577**	41,176
HK dollars	**34,070**	18,188
	58,647	59,364

27 Bank borrowings

	2019 HK$'000	2018 HK$'000
Current		
Bank loans – secured	**150,000**	55,000

As at 31 December 2019, the Group's bank borrowings were repayable as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**150,000**	55,000

27 Bank borrowings (Continued)

As at 31 December 2018, the bank borrowings were secured by restricted bank balances of HK$15,000,000 (Note 24). As at 31 December 2018 and 2019, the bank borrowings were secured by cross corporate guarantee executed by the Company and its subsidiary, Huajin Financial (International) Holdings Limited.

Bank borrowings bear effective interest rate from 4.20% to 4.90% per annum (2018: from 4.30% to 4.93% per annum).

The carrying amounts of the Group's bank borrowings were denominated in HK$ and the fair value of bank borrowings approximates their carrying amounts.

28 Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2019 HK$'000	2018 HK$'000
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	**(636)**	(2,168)
Deferred tax liabilities:		
– Deferred tax liability to be settled after more than 12 months	**5**	59
– Deferred tax liability to be settled within 12 months	**47**	44
	52	103
Deferred tax assets, net	**(584)**	(2,065)

28 Deferred tax (Continued)

The movements in deferred tax during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets:

	Decelerated tax depreciation HK$'000	Unused tax losses HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2018	–	–	–	–
Credited to profit or loss	(888)	(1,280)	–	(2,168)
At 31 December 2018	(888)	(1,280)	–	(2,168)
Charged/(credited) to profit or loss	332	1,280	(9,542)	(7,930)
At 31 December 2019	**(556)**	**–**	**(9,542)**	**(10,098)**

Deferred income tax liabilities:

	Accelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2018	163	–	163
Credited to profit or loss	(60)	–	(60)
At 31 December 2018	103	–	103
(Credited)/charged to profit or loss	(59)	9,470	9,411
At 31 December 2019	**44**	**9,470**	**9,514**

28 Deferred tax (Continued)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$10,328,000 (2018: HK$7,993,000) in respect of losses amounting to HK$62,594,000 (2018: HK$48,442,000) that can be carried forward against future taxable income.

Deferred income tax liabilities of HK$3,347,000 (2018: HK$4,633,000) have not been recognised for withholding tax that would be payable on the undistributed retained profits amounting to HK$66,948,000 (2018: HK$92,655,000) of the Company's subsidiaries in the Mainland China earned after 1 January 2008. Such amounts are not intended to be distributed in the foreseeable future to the group companies outside of the Mainland China.

29 Share capital

	2019 HK$'000	2018 HK$'000
Authorised:		
12,000,000,000 ordinary shares of HK$0.00025 each	**3,000**	3,000
Issued and fully paid:		
10,060,920,000 ordinary shares of HK$0.00025 each	**2,515**	2,515

A summary of movements in the Company's issued share capital is as follows:

	Number of shares ('000)	**Share capital** HK$'000
At 1 January 2018, 31 December 2018 and 2019	10,060,920	2,515

30 Share option scheme

Pursuant to the written resolutions passed by the shareholders of the Company on 25 June 2008, the Company adopted a share option scheme (the “Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may, at their absolute discretion, offer eligible participants, being, employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and suppliers, consultants and advisers who will provide or have provided services to the Group, options to subscribe for shares in the Company representing up to maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange (i.e. 23,000,000 shares, representing approximately 0.25% of the issued share capital of the Company as the date of this report) and subject to renewal with shareholders’ approval. The number of shares in respect of which options may be granted to any individual in aggregate within any 12-month period is not permitted to exceed 1% of the Company’s issued share capital, without prior approval from the Company’s shareholders. Options granted to substantial shareholders or independent non-executive directors in any one year exceeding the higher of 0.1% of the Company’s shares in issue and with a value in excess of HK$5,000,000 must be approved by the Company’s shareholders.

Options may be exercised at any time from the date of acceptance of the share option to such date as determined by the board of directors but in any event not exceeding 10 years. The exercise price is determined by the directors of the Company and will be not less than the highest of the closing price of the Company’s shares on the date of grant, the average closing prices of the Company’s shares for the five business days immediately preceding the date of grant and the nominal value of the Company’s shares.

No option has been granted by the Company under the Share Option Scheme since its adoption. There was no share option scheme during the year ended 31 December 2019.

31 Note to the consolidated statement of cash flows

Reconciliation of profit before income tax to cash (used in)/generated from operations

	2019 HK$'000	2018 HK$'000 (Restated)
Cash flows from operating activities		
Profit before income tax	24,040	60,585
Adjustments for:		
Share of results of associates	163	512
Interest expense	13,709	2,860
Interest income	(1,111)	(475)
Amortisation of intangible assets	20	32
Depreciation of property, plant and equipment	2,015	3,960
Gain on early termination of a lease contract	(3,192)	–
Depreciation of right-of-use assets	27,157	–
Fair value losses/(gains) on financial asset at fair value through profit or loss	5,851	(5,064)
Operating profit before working capital changes	68,652	62,410
Change in working capital:		
Contract assets	(704)	(1,983)
Trade receivables and margin loans receivable	(71,774)	(7,036)
Other receivables, deposits and prepayments	(160,557)	(38,446)
Inventories	883	(290)
Client trust bank balances	(9,246)	(1,040)
Balances with related parties	–	3,660
Trade payables	120,813	788
Contract liabilities	8,300	28,423
Other payables and accruals	33,092	(15,731)
Cash (used in)/generated from operations	(10,541)	30,755

31 Note to the consolidated statement of cash flows (Continued)

Liabilities from financing activities

	Loan from a related party due within 1 year HK$'000	**Bank borrowings** HK$'000	**Lease liabilities** HK$'000	**Total** HK$'000
At 31 December 2017	35,500	–	–	35,500
Cash flows	(35,500)	55,000	–	19,500
At 31 December 2018	–	55,000	–	55,000
Adoption of HKFRS 16	–	–	272,472	272,472
At 1 January 2019	–	55,000	272,472	327,472
Non-cash movement	–	–	(181,915)	(181,915)
Cash flows	–	95,000	(32,727)	62,273
At 31 December 2019	**–**	**150,000**	**57,830**	**207,830**

32 Operating leases

As lessee

The Group leases Two Hotels, office premises and office equipment under operating leases.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 2.2 and Note 14(b) for further information.

	2019 HK$'000	2018 HK$'000 (Restated)
Not later than one year	**–**	54,268
Later than one year and not later than five years	**–**	111,556
More than five years	**–**	249,780
	–	415,604

33 Related party transactions

In addition to those disclosed in elsewhere in these consolidated financial statements, the following transactions were entered into terms and prices mutually agreed between the relevant parties.

(a) Rendering of services

	2019 HK$'000	2018 HK$'000 (Restated)
Consultancy and financial advisory services income received from Zhuhai Huafa and its subsidiaries		
– 2019 Consultancy income I (Note i)	**2,500**	–
– 2019 Consultancy income II (Note ii)	**10,639**	–
– 2019 Consultancy income III (Note iii)	**18,978**	–
– 2019 Consultancy income IV (Note iv)	**1,200**	–
– 2019 Consultancy income V (Note v)	**1,000**	–
– 2019 Financial advisory income I (Note vi)	**2,200**	–
– 2019 Financial advisory income II (Note vii)	**3,500**	–
– 2019 Financial advisory income III	**176**	–
– 2018 Consultancy income I	**–**	8,765
– 2018 Consultancy income II	**–**	2,200
– 2018 Consultancy income III	**–**	4,000
– 2018 Consultancy income IV	**–**	14,995
– 2018 Consultancy income V	**–**	2,200
– 2018 Financial advisory income I	**–**	300
– 2018 Financial advisory income II	**–**	2,300
– 2018 Financial advisory income III	**–**	2,600
– 2018 Financial advisory income IV	**–**	2,600
	40,193	39,960
Underwriting commission income received from Zhuhai Huafa's subsidiaries		
– 2019 Underwriting commission income I (Note viii)	**1,778**	–
– 2019 Underwriting commission income II	**780**	–
– 2019 Underwriting commission income III	**200**	–
	2,758	–
Printing and translation services income received from Zhuhai Huafa's subsidiaries	**2,850**	2,830

33 Related party transactions (Continued)

(a) Rendering of services (Continued)

	2019 HK$'000	2018 HK$'000 (Restated)
Hotel operation, hotel management, hotel advisory and exhibition services income received from Zhuhai Huafa's subsidiaries		
– 2018 Hotel management income (Note ix)	**1,433**	–
– 2019 Hotel management income (Note x)	**2,808**	–
– 2019 Advisory income I (Note xi)	**4,773**	–
– 2019 Advisory income II (Note xii)	**3,468**	–
– 2019 Corporate video production income (Note xiii)	**6,958**	–
– 2019 Event planning income I (Note xiv)	**17,807**	–
– 2019 Event planning income II (Note xv)	**17,696**	–
– 2019 Event planning income III (Note xvi)	**9,098**	–
– 2019 Event planning income IV (Note xvii)	**5,912**	–
– 2019 Event planning income V (Note xviii)	**4,873**	–
– 2019 Event planning income VI (Note xix)	**2,517**	–
– 2019 Exhibition advisory income I (Note xx)	**2,141**	–
– 2019 Hotel operating income (Note xxi)	**15,041**	15,794
– 2018 Advisory income I	**–**	1,699
– 2018 Advisory income II	**–**	2,265
– 2018 Advisory income III	**–**	4,020
– 2018 Advisory income IV	**–**	906
– 2018 Advisory income V	**–**	906
– 2018 Hotel management income	**–**	3,410
– 2018 Hotel training income	**–**	1,282
– 2018 Event planning, managing and organising income	**–**	9,082
	94,525	39,364

(b) Other related party transactions

	2019 HK$'000	2018 HK$'000 (Restated)
Recharge of administrative expenses to Huafa HK (Note xxii)	**4,250**	3,990
Recharge of administrative expenses from Huafa HK	**(3,783)**	(1,196)
Recharge of exhibition cost from Zhuhai Huafa's subsidiary	**–**	(340)
Interest income received from Zhuhai Huafa's subsidiary	**12**	18
Interest expense paid to a related party	**–**	(893)
Rental expenses paid to the Property Owner (Note xxiii)	**(31,648)**	(20,420)

The deemed distribution as presented in the equity movement in the year ended 31 December 2019 amounting to HK$124,083,000 represented net asset of the Two Hotels Operation, which was attributable to the Transferor but not transferred to the Group, as of hotel transfer Completion Date. Detailed information of the Transaction was disclosed in Note 1.

33 Related party transactions (Continued)

(c) Year end balances

In addition to those disclosed in Note 20, Note 21, Note 22, Note 25 and Note 26, particulars of the balances with related parties are as follows:

	2019 HK$'000	2018 HK$'000 (Restated)
Balances included in trade receivables		
– Zhuhai Huafa's subsidiaries	**21,325**	12,358
Balances included in trade payables		
– Zhuhai Huafa's subsidiaries	**(22,926)**	(25,046)
Balances included in other receivables		
– Zhuhai Huafa's subsidiaries	**25,139**	105,083
Balances included in other payables and accruals		
– Zhuhai Huafa's subsidiaries	**(3,456)**	(345)
Balances included in contract liabilities		
– Zhuhai Huafa's subsidiaries	**(51)**	(1,234)

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year are as follows:

	2019 HK$'000	2018 HK$'000
Short-term benefits	**28,266**	21,645
Post-employment benefits	**90**	72
	28,356	21,717

The remuneration of directors and key management is determined having regard to the performance of individuals and market trends.

33 Related party transactions (Continued)

Note:

(i) Huajin Financial, a wholly-owned subsidiary of the Group, entered into a consultancy agreement ("2019 Consultancy Agreement I") with Huafa HK in April 2019 in relation to consultancy services provided prior to bond issuance ("2019 Consultancy Service I"). Pursuant to 2019 Consultancy Agreement I, the service scope included:

- providing research report and cost analysis in relation to international bond market including changes of yields on US Treasury bonds, the Federal Reserve's attitude towards the adjustment of the interest rate and market forecasts in 2019; and

- conducting feasibility study regarding issuance of three types of bonds by Zhuhai Huafa and conducting research on issuance conditions and procedures.

According to the 2019 Consultancy Agreement I, the fees for the 2019 Consultancy Service I amounted to HK$2,500,000, which was mutually agreed by both parties.

Huafa HK settled the service fees of HK$2,500,000 in June 2019.

(ii) Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement II") with Huafa HK in April 2019 in relation to Huafa Group 2019 I Company Limited ("Huafa 2019")'s issuance of USD denominated bonds. Huafa 2019 was a wholly-owned subsidiary of Huafa HK. Huafa 2019 successfully issued US$300,000,000, 4.25 per cent bonds due in year 2024 ("Huafa 2019 Bonds I") in June 2019. The Huafa 2019 Bonds I are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In December 2019, Huafa 2019 also successfully issued US$200,000,000, 3.70 per cent bonds due in year 2020 ("Huafa 2019 Bonds II"). The Huafa 2019 Bonds II are listed on Chongwa (Macao) Financial Asset Exchange Co., Ltd.

The consultancy income for services relating to the issuance of Huafa 2019 Bonds I and Huafa 2019 Bonds II ("2019 Consultancy Services II") amounted to US$1,230,000 (equivalent to approximately HK$9,594,000) and US$134,000 (equivalent to approximately HK$1,045,000) respectively. Pursuant to the 2019 Consultancy Agreement II, 2019 Consultancy Services II included but were not limited to:

- assisting Huafa HK to formulate the pricing policy of the Huafa 2019 Bonds I and Huafa 2019 Bonds II;

- assisting Huafa HK to complete due diligence; and

- assisting in preparation of application documents and obtaining approval from relevant government authorities for bond offering.

According to the 2019 Consultancy Agreement II, the aggregate service fees for 2019 Consultancy Service II of US$1,364,000 (equivalent to approximately HK$10,639,000) were determined with reference to a number of factors, including:

- Difference between (1) the average of annual interest rate of bonds with same or similar credit rating issued by comparable companies in a period close to issuance date of the Huafa 2019 Bonds I and Huafa 2019 Bonds II; and (2) the annual interest rate of the Huafa 2019 Bonds I and Huafa 2019 Bonds II;

- Principal amount of the Huafa 2019 Bonds I and Huafa 2019 Bonds II; and

- Maturity period of the Huafa 2019 Bonds I and Huafa 2019 Bonds II.

Huafa HK settled the service fees of US$1,364,000 in August 2019 and January 2020.

(iii) In April, May, June, October, November and December 2019, Huajin Financial entered into various consultancy agreements (collectively, "2019 Consultancy Agreements III") with Zhuhai Huafa and its eighteen subsidiaries respectively. Pursuant to the 2019 Consultancy Agreements III, Huajin Financial would provide consultancy services ("2019 Consultancy Services III") in relation to various researches on different industries and cities in Mainland China and/or other specific matters.

According to the 2019 Consultancy Agreements III, aggregate fees for the 2019 Consultancy Services III amounted to HK$18,978,000, which was agreed by the parties.

The service fees of HK$18,978,000 were settled in June, November and December 2019.

33 Related party transactions (Continued)

Note: (Continued)

(iv) In March 2019, Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement IV") with Huafa HK, in relation to provision of consultancy service ("2019 Consultancy Service IV") on a proposed syndicated loan. Pursuant to the 2019 Consultancy Agreement IV, the service scope included but were not limited to:

- providing advice on the structure, terms and credit enhancement solution in relation to the syndicated loan; and
- liaising and coordinating with intermediaries and investors.

According to the 2019 Consultancy Agreement IV, the fees for the 2019 Consultancy Service IV amounted to HK$1,200,000, which was mutually agreed by both parties.

The service fees of HK$1,200,000 were settled by HK Huafa in June 2019.

(v) In June 2019, Huajin Financial entered into a consultancy agreement ("2019 Consultancy Agreement V") with Guang Jie Investment Holding Limited ("Guang Jie"), a subsidiary of Zhuhai Huafa, in relation to consultancy services on a proposed acquisition ("2019 Consultancy Service V") of certain equity interests in a target company.

Pursuant to the 2019 Consultancy Agreement V, 2019 Consultancy Service V included but were not limited to:

- advising the overall planning and strategies for the proposed acquisition based on the documents provided by Guang Jie;
- assisting in due diligence work towards the proposed acquisition including advising the validity of the target company's documents and providing solution for the issues identified in due diligence; and
- providing comments towards the valuation of the target company.

According to the 2019 Consultancy Agreement V, the fees for 2019 Consultancy Service V amounted to HK$1,000,000, which was mutually agreed by both parties.

The service fees of HK$1,000,000 were settled by Guang Jie in June 2019.

(vi) The amounts related to the financial advisory services provided by WAG Worldsec Corporate Finance Limited ("WAG"), a wholly-owned subsidiary of the Group, to a subsidiary of Zhuhai Huafa pursuant to a financial advisory agreement ("2019 Financial Advisory Agreement I") entered into between WAG and the subsidiary of Zhuhai Huafa in September 2018. Pursuant to the 2019 Financial Advisory Agreement I, WAG would provide the subsidiary financial advisory services ("2019 Financial Advisory Service I") in relation to a potential listing on the Main Board of the Stock Exchange ("Potential Listing"). The fees for 2019 Financial Advisory Service I amounted to HK$2,200,000, which were agreed by both parties.

During the year ended 31 December 2019, the 2019 Financial Advisory Service I was fully rendered by WAG. The Potential Listing was completed and the ultimate holding company of the subsidiary was listed successfully on the Main Board of the Stock Exchange in October 2019.

The service fees of HK$2,200,000 were settled in October 2019.

(vii) In December 2019, Huajin Financial entered into five financial advisory agreements (collectively, "2019 Financial Advisory Agreements II") with five subsidiaries of Zhuhai Huafa, in relation to provision of advisory services ("2019 Financial Advisory Services II") on proposed acquisitions of certain equity interests in five target companies/property projects.

Pursuant to the 2019 Financial Advisory Agreements II, 2019 Financial Advisory Services II included but were not limited to:

- assisting in conducting the necessary analysis for the location and city;
- analysing regional planning development;
- performing fundamental market analysis for relevant industries;
- preparing a SWOT analysis of the project;
- providing price analysis of comparable projects;

33 Related party transactions (Continued)

Note: (Continued)

(vii) (Continued)

- advising on project budget and investment income analysis; and
- providing financial advice in relation to the project.

According to the 2019 Financial Advisory Agreements II, the aggregate fees for 2019 Financial Advisory Services II amounted to HK$3,500,000, which were mutually agreed by relevant parties.

The service fees of HK$3,500,000 were settled in December 2019.

(viii) The services income amounting to US$228,000 (equivalent to approximately HK$1,778,000) represented underwriting services provided by Huajin Securities (International) Limited ("Huajin Securities"), a subsidiary of the Group, to Huafa 2019 in relation to issuance of the Huafa 2019 Bonds I in June 2019, which was mutually agreed by both parties. The service fees of HK$1,778,000 were settled in August 2019.

(ix) In November 2018, Zhuhai Hengqin New Area Huajin International Hotel Management Company Limited ("Huajin Hotel"), a subsidiary of the Group, entered into a trial management agreement ("2018 Trial Hotel Management Agreement") with Zhuhai Huafa International Hotel Management Company Limited ("Huafa Hotel"), a subsidiary of Zhuhai Huafa, on a trial basis for a period of three months from November 2018 to January 2019.

Pursuant to the 2018 Trial Hotel Management Agreement, Huajin Hotel agreed to provide the management services ("2018 Hotel Management Service") on a trial term of three months for three hotels (collectively referred to as the "Hotels") located in Zhuhai City. The 2018 Hotel Management Service included but not limited to:

- monitoring the operation and management of the Hotels;
- financial and performance benchmark analysis;
- market positioning and marketing strategy evaluation and advice;
- human resources evaluation and management;
- facilities and equipment evaluation and advice;
- information system evaluation and advice; and
- hotel revenue management and monitor.

During the year ended 31 December 2019, total fees for 2018 Hotel Management Service, which was provided in January 2019, amounted to RMB1,263,000 (equivalent to approximately HK$1,433,000). According to terms mutually agreed by both parties, the amount of the service fees was determined at 5% of the aggregate revenue of the Hotels during the period which the 2018 Hotel Management Service was provided.

The service fees of HK$1,433,000 were settled in February 2019.

(x) In September 2019, Huajin Hotel entered into a management agreement ("2019 Hotel Management Agreement") with Huafa Hotel, for a period from July 2019 to December 2019.

Pursuant to the 2019 Hotel Management Agreement, Huajin Hotel agreed to provide the management services ("2019 Hotel Management Service") for one hotel located in Zhuhai City. The 2019 Hotel Management Service included but not limited to:

- monitoring the operation and management of the hotel;
- financial and performance benchmark analysis;
- market positioning and marketing strategy evaluation and advice;
- human resources evaluation and management;

33 Related party transactions (Continued)

Note: (Continued)

(x) (Continued)

- facilities and equipment evaluation and advice;
- information system evaluation and advice; and
- hotel revenue management and monitor.

During the year ended 31 December 2019, total fees for 2019 Hotel Management Service, which was provided between July 2019 and December 2019, amounted to RMB2,475,000 (equivalent to approximately HK$2,808,000). According to terms mutually agreed by both parties, the amount of the service fees was determined at 5% of the revenue of the hotel during the period which the 2019 Hotel Management Service was provided.

The service fees of HK$2,808,000 were settled in December 2019 and January 2020.

(xi) In July, August, September and October 2019, Huajin Hotel entered into various advisory agreements (collectively, "2019 Advisory Agreements I") with three subsidiaries of Zhuhai Huafa, respectively, in relation to provision of advisory services for five hotels development projects ("2019 Advisory Services I"). Pursuant to the 2019 Advisory Agreements I, 2019 Advisory Services I included but were not limited to:

- performing market and financial feasibility research;
- providing support for selecting international hotel management companies and hotel brands, contract negotiation with the hotel management companies;
- introducing and assisting in selection of qualified consultant for hotel design and other specific areas; and
- providing design management and construction consultancy services.

According to the 2019 Advisory Agreements I, aggregate fees for the 2019 Advisory Services I amounted to RMB4,207,000 (equivalent to approximately HK$4,773,000), which was mutually agreed by all parties.

The service fees of HK$4,773,000 were settled in December 2019.

(xii) Huajin Hotel entered into advisory agreements ("2019 Advisory Agreements II") with five subsidiaries of Zhuhai Huafa in November and December 2019 respectively in relation to provision of certain advisory services and certain research and feasibility study services regarding hospitality industries in 11 cities in the PRC ("2019 Advisory Services II") with scope included but not limited to the city overview, market analysis of the hospitality industry, research on pros and cons of primary competitive hotels, future business development and feasibility analysis for market entry and strategic studies.

According to the 2019 Advisory Agreements II, aggregate service fees for the 2019 Advisory Services II amounted to RMB3,057,000 (equivalent to approximately HK$3,468,000), which was mutually agreed by all parties. The service fees of HK$3,468,000 were settled in December 2019.

(xiii) In June 2019, Zhuhai Hengqin New Area Huajin International Convention Services Company Limited ("Huajin Convention"), a subsidiary of the Group, entered into agreements ("2019 Video Production Services Agreements") with Zhuhai Huafa and its nine subsidiaries ("Ten Companies") respectively in relation to provision of corporate video production services ("2019 Video Production Services").

According to the 2019 Video Production Services Agreements, Huajin Convention is engaged by each of the Ten Companies to produce a film (including but not limited to idea conception, filming and post production services) of the relevant companies relating to different businesses segments and industry Zhuhai Huafa conducts business.

The aggregate fees for the 2019 Video Production Services amounted to RMB6,132,000 (equivalent to approximately HK$6,958,000), which was mutually agreed by contracted parties.

The total service fees of HK$6,958,000 were settled in June to November 2019.

33 Related party transactions (Continued)

Note: (Continued)

(xiv) In September 2019, Huajin Convention entered into the event planning agreement ("2019 Event Planning Agreement I") with a subsidiary of Zhuhai Huafa.

Pursuant to the 2019 Event Planning Agreement I, Huajin Convention would provide services in relation to one seminar held in Zhuhai City in 2019. The services included but not limited to guest invitation and accommodation, on-site execution, exhibition layout design, venue set up and decoration, advertising and promotional activities, cultural performance and other miscellaneous office services ("2019 Event Planning Service I").

According to the 2019 Event Planning Agreement I, the fees for 2019 Event Planning Service I amounted to RMB15,695,000 (equivalent to approximately HK$17,807,000), which was mutually agreed by contracted parties.

The total service fees of HK$17,807,000 were settled in October and December 2019.

(xv) In October, November and December 2019, Huajin Convention entered into certain event planning agreements (collectively, "2019 Event Planning Agreements II") with six subsidiaries of Zhuhai Huafa, respectively.

Pursuant to the 2019 Event Planning Agreements II, Huajin Convention would provide services in relation to two seminars held in Zhuhai City in 2019 respectively. The services included but not limited to guest invitation and accommodation, on-site execution, advertising and promotional activities or other miscellaneous services ("2019 Event Planning Services II").

According to the 2019 Event Planning Agreement II, the aggregate fees for 2019 Event Planning Services II amounted to RMB15,597,000 (equivalent to approximately HK$17,696,000), which was mutually agreed by contracted parties.

The service fees of HK$17,696,000 were settled in November 2019, December 2019, February 2020 and March 2020.

(xvi) In October 2019, Huajin Convention entered into various event planning agreements (collectively, "2019 Event Planning Agreements III") with six subsidiaries of Zhuhai Huafa, respectively.

Pursuant to the 2019 Event Planning Agreements III, Huajin Convention would provide services in relation to creative design, planning, advertising and promotional activities, materials logistics, venue arrangement, organisation and execution of the events, which are to promote Zhuhai Huafa's brand image and boost its reputation in different cities in Mainland China and to further promote the real estate projects being developed by subsidiaries of Zhuhai Huafa ("2019 Event Planning Services III").

According to the 2019 Event Planning Agreements III, the aggregate fees for 2019 Event Planning Services III amounted to RMB8,019,000 (equivalent to approximately HK$9,098,000), which was mutually agreed by contracted parties.

The total service fees of HK$9,098,000 were settled in December 2019.

(xvii) In May, November and December 2019, Huajin Convention entered into certain event planning agreements (collectively, "2019 Event Planning Agreements IV") with Zhuhai Huafa and its eight subsidiaries, respectively.

Pursuant to the 2019 Event Planning Agreements IV, Huajin Convention would provide advertising and promotional services in relation to brand promotion through brochures, on-site advertisement and media, professional teams for reception services and brand illustration or brand demonstration in exhibition areas ("2019 Event Planning Services IV").

According to the 2019 Event Planning Agreements IV, the aggregate fees for 2019 Event Planning Services IV amounted to RMB5,211,000 (equivalent to approximately HK$5,912,000), which was mutually agreed by contracted parties.

The service fees of HK$5,912,000 were settled in December 2019, January 2020 and March 2020.

(xviii) In October, November and December 2019, Huajin Convention entered into certain event planning agreements (collectively, "2019 Event Planning Agreements V") with six subsidiaries of Zhuhai Huafa, respectively.

Pursuant to the 2019 Event Planning Agreements V, Huajin Convention would provide services in relation to exhibition proposal design, guest reception including accommodation, food and beverage services and transportation arrangement or on-site support, etc ("2019 Event Planning Services V").

According to the 2019 Event Planning Agreements V, the aggregate fees for 2019 Event Planning Services V amounted to RMB4,294,000 (equivalent to approximately HK$4,873,000), which was mutually agreed by contracted parties.

The service fees of HK$4,873,000 were settled in December 2019 and March 2020.

33 Related party transactions (Continued)

Note: (Continued)

(xix) In August and September 2019, Huajin Convention entered into certain event planning agreements (collectively, "2019 Event Planning Agreements VI") with two subsidiaries of Zhuhai Huafa, respectively.

Pursuant to the 2019 Event Planning Agreements VI, Huajin Convention would provide accommodation and catering services to the participants and staff in relation to the events held in Mainland China ("2019 Event Planning Services VI"). The service scope included:

- arranging accommodation and updating the related details in accordance with the participants' and staff information;
- verifying the accommodation list with hotels on a daily basis;
- assisting theatre to resolve other matters arisen from the participants and staff;
- selecting venue for the welcoming dinner and facilitating the suppliers to provide the necessary food and beverage in accordance with the requirements; and/or
- providing catering services to the participants.

According to the 2019 Event Planning Agreements VI, the aggregate fees for 2019 Event Planning Services VI amounted to RMB2,218,000 (equivalent to approximately HK$2,517,000), which was mutually agreed by contracted parties.

The total service fees of HK$2,517,000 were settled in December 2019 and January 2020.

(xx) In June 2019, Huajin Convention entered into the exhibition service agreement ("2019 Exhibition Advisory Agreement") with a subsidiary of Zhuhai Huafa. Pursuant to the 2019 Exhibition Advisory Agreement, Huajin Convention would provide exhibition advisory services for the exhibition centre set up in certain city in Mainland China ("2019 Exhibition Advisory Service"). The service scope included refining the theme of the exhibition, optimizing the layout of the exhibition hall in accordance with the current layout, and renovating the overall content and form of the exhibition hall, including the content planning, figures making service and multimedia testing.

According to the 2019 Exhibition Advisory Agreement, the aggregate fees for 2019 Exhibition Advisory Service amounted to RMB1,887,000 (equivalent to approximately HK$2,141,000), which was mutually agreed by contracted parties.

The total service fees of HK$2,141,000 were settled in June and August 2019.

(xxi) The amounts represented the hotel operating income generated from accommodation and food and beverages services rendered to Zhuhai Huafa and its subsidiaries. The services are rendered at prices and terms that are mutually agreed.

(xxii) In January 2019, Huajin Financial and Huafa HK entered into the an agreement, pursuant to which Huafa HK would share certain administrative costs as Huafa HK would use certain of Huajin Financial's office space and office equipment. The administrative costs shared by Huafa HK for the year ended 2019 was approximately HK$4,250,000. This was mutually agreed by both parties, the basis of which was determined by reference to:

- Estimated administrative costs incurred by Huajin Financial in 2019;
- Estimated office area jointly-shared by Huafa HK; and
- Estimated percentage of usage of shared facilities by Huafa HK.

Huafa HK settled the shared costs in the amount of HK$4,250,000 in August and December 2019.

(xxiii) The rental expenses paid to the Property Owner for the lease of Two Hotels for the year ended 31 December 2019 amounted to RMB27,893,000 (equivalent to approximately HK$31,648,000). The amount included the portion paid by the Transferor (attributable to the period from 1 January 2019 to 30 August 2019) and the portion paid by the Group (attributable to the period from 1 September 2019) amounting to RMB12,020,000 (equivalent to approximately HK$13,638,000) and RMB15,873,000 (equivalent to approximately HK$18,010,000) respectively.

34 Statement of financial position and reserve movement of the Company

(a) Statement of financial position of the Company as at 31 December 2019

	2019 HK$'000	2018 HK$'000
Non-current assets		
Property, plant and equipment	**111**	122
Investments in subsidiaries	**204,455**	178,972
Loan to a subsidiary	**55,305**	–
Financial asset at fair value through profit or loss	**8,213**	14,064
	268,084	193,158
Current assets		
Other receivables, deposits and prepayments	**4,573**	1,394
Loans to subsidiaries	**6,686**	–
Amount due from subsidiaries	**5,095**	2,681
Cash and cash equivalents	**2,052**	2,378
	18,406	6,453
Total assets	**286,490**	199,611
EQUITY		
Share capital	**2,515**	2,515
Reserves (Note b)	**127,081**	145,898
Total equity	**129,596**	148,413
Current liabilities		
Other payables and accruals	**6,152**	1,182
Loan from a subsidiary	**56,000**	–
Amounts due to subsidiaries	**742**	16
Bank borrowings	**94,000**	50,000
	156,894	51,198
Total liabilities	**156,894**	51,198
Total equity and liabilities	**286,490**	199,611

34 Statement of financial position and reserve movement of the Company
(Continued)

(b) Reserves movement of the Company

	Share premium HK$'000	Contributed surplus (Note a) HK$'000	Financial asset at fair value through other comprehensive income revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2018	168,947	65,305	(490)	(23,599)	210,163
Comprehensive loss					
Loss for the year	–	–	–	(64,057)	(64,057)
Other comprehensive income/(loss)					
Changes in value on financial asset at fair value through other comprehensive income	–	–	(208)	–	(208)
Disposal of financial asset at fair value through other comprehensive income	–	–	698	(698)	–
Total comprehensive income/(loss)	–	–	490	(64,755)	(64,265)
At 31 December 2018 and 1 January 2019	168,947	65,305	–	(88,354)	145,898
Comprehensive loss					
Loss for the year	–	–	–	(18,817)	(18,817)
Total comprehensive loss	–	–	–	(18,817)	(18,817)
At 31 December 2019	168,947	65,305	–	(107,171)	127,081

Note a:

Contributed surplus of the Company represents the difference between the consolidated net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the reorganisation.

35 Events after the reporting period

(a) On 20 December 2019, the Company entered into the sale and purchase agreement with Huafa HK pursuant to which the Company agreed to acquire 100% equity interest in Concord Bright Holdings Limited ("Concord Bright") and its wholly owned subsidiaries ("Property Management Companies") from Huafa HK, at a consideration of RMB733,780,000 (equivalent to approximately HK$817,211,000) which will be satisfied by cash. Property Management Companies are principally engaged in the provision of the property management services and related value-added services, including household assistance service and other services, in the Mainland China.

On 17 January 2020, all conditions precedent have been fulfilled. Upon the completion, the assets and liabilities of Property Management Companies will be accounted for in the consolidated financial statements of the Group using merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The Directors are still in the process on estimate of the financial effect on the acquisition on the approval date of the consolidated financial statements.

Further detail of the above acquisitions, are set out in the Company's announcements dated 20 December 2019 and 17 January 2020 and circular dated 27 December 2019.

(b) After the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020, the PRC government proactively implemented effective prevention and control measures. The PRC government adopted various strict measures to limit travel and control crowd gathering within Mainland China in an attempt to curb the spread of COVID-19 and the travel bans imposed by certain foreign countries on travelers from the PRC, resulting in a significant decline in the number of tourists travelling to/within Mainland China and an adverse impact to the Two Hotels Operation of the Group, which mainly provide hotel services to the tourists. Meanwhile, considering the negative impact of the COVID-19 on the economy and capital markets, the financial printing services segment and financial services segment are anticipated to have a negative impact towards operation.

Up to the date of this report, the Group is still in the process of assessing the impacts of the COVID-19 on the performance of the relevant segments and is currently unable to estimate the quantitative impacts to the Group. The Group will closely monitor the development of the COVID-19, and will keep conduct evaluations and proactively implement appropriate measures.

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