Burwill Holdings Limited

寶威控股有限公司

(Provisional Liquidators Appointed)

(Incorporated in Bermuda with limited liability)

(Stock Code: 24)

Annual Report 2020

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Directors

Mr. CHAN Kai Nang (appointed on 14 September 2020)
Mr. WONG Wai Keung, Frederick (appointed on 14 September 2020)

Non-Executive Director

Mr. HUANG Shenglan

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Mr. SO Man Chun (appointed on 21 November 2019)
Mr. JONG Yat Kit (appointed on 21 November 2019)

MEMBERS OF THE AUDIT COMMITTEE

Mr. WONG Wai Keung, Frederick *(Chairman)* (appointed on 16 November 2020)
Mr. HUANG Shenglan (appointed on 16 November 2020)
Mr. CHAN Kai Nang (appointed on 16 November 2020)

INDEPENDENT AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22/F, Prince's Building
Central, Hong Kong
Tel: (852) 2289 8888
Fax: (852) 2810 9888

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

WEBSITE

www.burwill.com

BUSINESS AND FINANCIAL REVIEW

The board (the "**Board**") of directors (the "**Directors**") of Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") herein presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 (the "**Reporting Period**").

On 21 November 2019, Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers were appointed as joint and several provisional liquidators of the Company (the "**Provisional Liquidators**") pursuant to an order granted by the High Court of the Hong Kong Special Administrative Region (the "**High Court**"). Further, following the resignation of the former Directors, namely Mr. Cheung Sing Din on 22 August 2019, Mr. Tsang Kwok Wa on 23 August 2019 and, Mr. Cui Shu Ming on 18 October 2019, the Audit Committee of the Company remained vacant until its re-establishment on 16 November 2020 subsequent to the appointment of two independent non-executive Directors, namely Mr. Chan Kai Nang and Mr. Wong Wai Keung, Frederick on 14 September 2020 with Mr. Wong, (chairman), Mr. Chan and the non-executive Director, Mr. Huang Shenglan being appointed as members.

Due to (i) improper maintenance of IT systems of the Company caused by the temporary business disruption prior to the appointment of Provisional Liquidators and (ii) the fact that the Provisional Liquidators have not been able to contact a number of key accounting personnel and management personnel of the Group, all of whom had left the Group before the date of this report, the Provisional Liquidators were unable to retrieve a complete set of the Group's accounting and other records. As such, the Provisional Liquidators and the Directors have no information in relation to the Group prior to their respective appointments, and the Provisional Liquidators and the Directors therefore are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. Furthermore, the Provisional Liquidators and the Directors do not accept or assume responsibility for the consolidated financial statements for any purpose or to any person to whom the consolidated financial statements are shown or into whose hands they may come. The information contained in this report has been presented to the best knowledge of the Provisional Liquidators based on limited information made available to them up to the date of this report.

Notes be taken that, given the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group in 2019, as well as their inability to have access to financial information and management of the associates and joint ventures of the Group (with an exception of a 29% owned associate namely 馬鋼(揚州)鋼材加工有限公司("**馬鋼(揚州)**") (the "**Derecognised Associates**"), the Provisional Liquidators considered that the Group did not have the necessary information about the transactions and account balances of many of the subsidiaries and associates and joint ventures of the Group for inclusion of these entities in the consolidated financial statements of the Group for the year ended 31 December 2020. Accordingly, the Provisional Liquidators had determined that (i) the subsidiaries of the Group, with the exception of Burwill Steel Holdings Limited and its subsidiary, (the "**Deconsolidated Subsidiaries**") shall be de-consolidated from the consolidated financial statements of the Group with effect from 1 July 2019; and (ii) the Derecognised Associates shall be derecognised and ceased to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019. Further details of which are set out in the Company's annual report for the year ended 31 December 2019 released by the Company on 16 February 2021.

BUSINESS REVIEW

Business Operations

Immediately prior to the suspension of trading (the "**Suspension**") in the shares of the Company (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in August 2019, the Group was principally engaged in two businesses, which were (i) steel trading and (ii) lithium business, which were capital intensive in nature. Following the Suspension, the Group's business operation substantially diminished due to the Group's severe financial distress.

(i) Lithium-related business

As disclosed in the Company's Interim Report 2019, the Group has engaged in lithium-related business during the first half of the year ended 31 December 2019.

Prior to the Suspension, in terms of business operations, the Group planned to transform into an integrated supplier in the upstream of new energy materials. In view of the volatile price change of lithium compound in domestic market, the Group amended the offtake contract in January 2019, changing the buying entity to Jiangxi Baojiang Lithium Industrial Limited ("**Baojiang Lithium**"), a joint venture that the Group owns a 50% stake and also the eventual processing plant for the contracted lithium concentrate. Besides, the pricing mechanism was adjusted from fixed price to a market-based floating price. It is advised that Baojiang Lithium begun trial production at the end of 2018. Commissioning and processing optimisation work has been organised by the production technology department. The plant produced industry-grade lithium carbonates after completing the single machine commissioning, water linkage test and feeding test.

Based on information available to the Provisional Liquidators, it is believed that the Group's lithium-related business was suspended since the appointment of the Provisional Liquidators in November 2019 and there was a lack of information on further details on the above arrangement.

(ii) Steel trading business

Based on available information, the Group engaged in steel trading business during the Reporting Period. The steel trading business mainly covered Asia, Oceania and the Chinese markets.

Prior to the Suspension, the Group adjusted its business strategies to procure part of its steel export resources from regions outside of China. The Group's European branch was exploring resources in Europe and the Mediterranean regions in an effort to reduce its dependence on Chinese steel resources. In addition to the European market, the Group also enhanced its marketing efforts in Southeast Asia and continuously strengthen its relationship with domestic and foreign steel procurement channels, with the aim to improve competitiveness and business performance. Yet, following the Suspension, the Group's steel trading business substantially diminished due to the Group's severe financial distress in 2019.

In April 2020, with the sanction from the High Court, the Provisional Liquidators led the Group in reviving its steel trading business through its wholly-owned subsidiary, Burwill Resources Development Limited ("**BRD**"). Subsequently, Burwill Resources Development AG was established in November 2020 to path the way for development of European business. Currently, BRD's steel trading business covers trading of steel and iron ore in Western Pacific region, which the Group has operated for decades prior to the Suspension. The current business of the Group's steel trading business can be summarised as follows:–

Sales and marketing

During the marketing stage, BRD closely communicates with its customers in understanding their preferences on product specifications, and expected demand for steel products. From time to time, BRD gathered from its customers details of orders to be placed with BRD so that it could source and order those steel products beforehand. During the year ended 31 December 2020, credit terms BRD granted to its customers ranged from 30 days to 180 days.

Procurement and sourcing

Since its incorporation, BRD sourced most of the steel products originated from Australia. As mentioned above, close communication between BRD and its customers enabled it to anticipate its forthcoming demand from its customers with sufficient details, BRD can aggregate the anticipated demand from a number of its customers and place its orders with suppliers in bulk to lower the average unit costs of its steel products. As the Group is still facing severe financial difficulties, the Group has limited source to obtain debt financing to support its capital-intensive trading business. In view of such, BRD as a general practice placed orders with its suppliers only when it has reasonable confidence that those products can be sold within a short timeframe so that it can minimise working capital required for maintaining stocks available for sale. Further, considering the better operational flexibility offered and lower financial commitment required by short-term sales contracts, BRD did not to enter into any iron ore supply contract like what the Group did prior to the Suspension. During the year ended 31 December 2020, credit terms suppliers granted to BRD ranged from 30 days to 180 days.

Delivery and settlement

BRD sought to have its suppliers deliver the products to main ports in the People's Republic of China (the "**PRC**"), and delivered the products to its customers in the PRC so that it could minimise its burden in managing international shipment, which included insurance coverage, sea freight transportation and customs clearance. In case where the products cannot be directly delivered to the customers from the ports, BRD is responsible for the transitional storage.

The winding-up proceedings and the appointment of the joint and several provisional liquidators

On 4 September 2019, Strong Petrochemical Limited (the "**Petitioner**") has filed a petition (the "**Petition**") to the High Court for the winding up of the Company.

On 25 October 2019, Bangkok Bank Public Company Limited (the "**Applicant**" or "**Bangkok Bank**") applied to the High Court for an order that provisional liquidators be appointed over the Company on an ex parte on notice basis pursuant to section 193 of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (the "**PL Application**"). At the inter partes hearing on the PL Application on 21 November 2019, an order was granted by the High Court appointing Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers as joint and several provisional liquidators of the Company. Pursuant to the Court orders dated 21 November 2019 and 16 April 2020 made by the High Court, the Provisional Liquidators are empowered to, *inter alia*, preserve the assets of the Company; take control of and exercise all rights which the Company may have in relation to entities in which it holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group.

On 25 November 2019, the Petitioner served the summons for leave to, *inter alia*, withdraw the Petition filed on 4 September 2019 and the Applicant served the summons for leave to, *inter alia*, substitute as the petitioner and amend the Petition. As at the date of this report, the High Court adjourned the hearing of the Petition to 21 April 2021 in order to give sufficient time for the Provisional Liquidators to consider and if thought feasible progress a restructuring of the Company and/or the Group.

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the Directors of the Company and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts.

Suspension of trading in shares of the Company and the resumption conditions

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 19 August 2019. The Stock Exchange imposed, firstly on 27 August 2019 and subsequently on 2 September 2019 and 20 March 2020, four resumption conditions (the "**Resumption Conditions**") to the Company, details are as follows:–

(i) to demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(ii) to inform the market of all material information for the shareholders of the Company (the "**Shareholders**") and investors to appraise the Company's position;

(iii) to publish all outstanding financial results and reports of the Company and address any audit modifications thereof; and

(iv) to have the winding up petitions (or the winding up order, if made) against the Company withdrawn or dismissed and the appointment of the Provisional Liquidators discharged.

The Company is also required to comply with the Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. The Stock Exchange may modify any of the above and/or impose further conditions if the situation changes.

Restructuring of the Company

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the Directors of the Company and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts. With the assistance of Asian Capital Limited which acted as the financial adviser to the Company, the Provisional Liquidators also sought to identify potential investors for the Company with a view to recapitalising the Company and restructuring the Company's operations.

On 24 September 2020, the Company and the Provisional Liquidators entered into the restructuring agreement with the Investor (the "**Restructuring Agreement**"). Pursuant to the Restructuring Agreement, the Company would conduct the proposed restructuring (the "**Proposed Restructuring**") which comprises (i) debt restructuring (which consists of debt settlement and scheme of arrangement); (ii) capital reorganisation; (iii) subscription of new Shares; and (iv) open offer, with a view to resume trading in the Shares on the Stock Exchange.

As part of the Proposed Restructuring, the debt restructuring will enable the Company to settle and compromise its debts with the proceeds to be raised from the subscription of new Shares and open offer through schemes of arrangement in Hong Kong and Bermuda. Upon completion of the Proposed Restructuring, the Company is expected to be solvent and the Provisional Liquidators will be discharged.

On 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement (the "**Side Letter**") and a subscription agreement in respect of the subscription of new Shares by the Investor (the "**Subscription Agreement**") have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor.

It is envisaged that the proposed debt restructuring will enable the Company to settle and compromise its debts with the proceeds to be raised from the subscription of new Shares and open offer through schemes of arrangement in Hong Kong and Bermuda. Upon completion of the Proposed Restructuring, the Company is expected to be solvent and the Provisional Liquidators will be discharged.

For further details of the Proposed Restructuring, please refer to the Company's announcement dated 4 February 2021. However, the Provisional Liquidators did not have further details about the judgment.

FINANCIAL REVIEW

As noted in the financial statement disclosures as set out in the consolidated financial statements on pages 49 to 105 of this report, due to the incomplete books and records and serious doubts over the reliability of the Group's accounting and other records prior to their appointments, the Provisional Liquidators and the Directors are not in a position to confirm the completeness, existence and accuracy of the historical results of the Group. As such, the information below has been presented and/or prepared to the best knowledge of the Provisional Liquidators based on information made available to them up to the date of this report.

Financial performance

As detailed in note 2 to the consolidated financial statements for the year ended 31 December 2020, the Group lost control of certain subsidiaries within the Group following the appointment of the Provisional Liquidators, and, for financial reporting purpose, results of these subsidiaries have been deconsolidated from the Group's consolidated financial statements since 1 July 2019.

During the Reporting Period, the Group recorded revenue of approximately HK$412.09 million (2019: HK$934.40 million) and gross profit of approximately HK$11.12 million (2019: HK$6.89 million) respectively from its steel trading business which has resumed since June 2020. Finance costs for the Reporting Period amounted to approximately HK$0.10 million (2019: HK$35.48 million). Profit for the year improved from the loss of approximately HK$1,289.91 million for the year ended 31 December 2019 to a profit of HK$10.23 million for the Reporting Period.

Assets and liabilities

As at 31 December 2020, the Group had total assets of approximately HK$82.40 million (2019: HK$68.74 million) and total liabilities of approximately HK$517.53 million (2019: HK$513.64 million). The net liabilities of the Group as at 31 December 2020 was approximately HK$435.13 million (2019: HK$444.90 million).

Assuming (i) the Proposed Restructuring had completed on 31 December 2020 and (ii) the Company had settled all its debts through schemes of arrangement in cash, the remaining Group would have total assets of HK$122.74 million, HK$Nil total liabilities and net assets of HK$122.74 million.

Liquidity and financial resources

As at 31 December 2020, bank and cash balances of the Group were approximately HK$1.15 million (2019: HK$0.03 million). Total borrowings as at 31 December 2020 amounted to approximately HK$376.64 million (2019: HK$376.64 million). The borrowings included convertible bonds and notes payables. The Provisional Liquidators envisage that all of the borrowings or claims against the Company (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) will be discharged under the debt settlement and schemes of arrangement contemplated under the Proposed Restructuring.

The gearing ratio (measured as total borrowings over total assets) as at 31 December 2020 was 4.57 (2019: 5.48).

Charges on Group assets

There is no charge on Group assets as at 31 December 2020. Due to the loss of the Group's certain accounting and other records, the Provisional Liquidators and the Directors believe that, it is almost impossible, and not practical, to ascertain the details of any charge of the Group's assets as at 31 December 2020.

Capital commitments

Based on the information available to the Provisional Liquidators, the Group and the Company did not have any significant capital commitments as at 31 December 2020 and as at 31 December 2019.

Earnings per Share

For the Reporting Period, earnings per share (basic and diluted) was HK0.20 cents (2019: loss per share of HK25.24 cents).

Employees and remuneration

As at 31 December 2020, there were 3 employees and 8 directors with the Group. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits during their past involvement in the Group. The Group also provides other staff benefits which include contributory provident fund and housing allowances.

As the Group only initiated its business turnaround during the latter part of the Reporting Period, it faced substantial difficulties in recruiting full-time employees with the Provisional Liquidators appointed. As such, the Group sought support from the Provisional Liquidators and their professional advisers in assisting its daily operations (including financial reporting, human resources management and treasury management) and financial restructuring. As at the date of this report, based on information available to the Provisional Liquidators, more than 10 individuals were deployed in this regard. The Group expects to recruit a team with similar size to take on these functions upon resumption of trading in its Shares.

Dividends

No dividend was paid or declared during/for the Reporting Period (2019: HK$Nil). The Directors do not recommend the payment of any dividend for the Reporting Period (2019: HK$Nil).

Contingent liabilities and litigations

Based on the information available to the Provisional Liquidators, as at 31 December 2020, the Company has provided corporate guarantees to certain bank borrowings made to Deconsolidated Subsidiaries. Furthermore, since the appointment of the Provisional Liquidators, and based on limited available information, the following legal proceedings have come to the Provisional Liquidators' attention:

(i) Legal proceeding in Hong Kong in relation to BCHL

Based on last known information, on 4 November 2016, Burwill Commercial Holdings Limited ("**BCHL**"), a wholly-owned subsidiary of the Company, as plaintiff issued a writ of summons in the High Court against Charm Best Investments Inc. and Mr. IP Kwok Kin as defendants ("**HCA 2895/2016**").

The Provisional Liquidators were advised that as at the date of this report, the date of trial of HCA 2895/2016 has not been fixed. There are no further updates for the case.

(ii) Legal proceeding in the PRC in relation to 萊陽泰鑫礦業有限公司 and 青島泰鑫礦業有限公司

The Company has been provided with a writ dated 16 June 2015 (the "**Writ**") filed with the Shandong Province Yantai City Intermediate People's Court of the PRC under which an individual (the "**Plaintiff**") alleged that he is the beneficial owner of 50% of the equity interest in 萊陽泰鑫礦業有限公司 (the "**Allegation**") and that 青島泰鑫礦業有限公司 holds such 50% equity interest in 萊陽泰鑫礦業有限公司 ("**萊陽泰鑫50% Equity Interest**") as nominee for the Plaintiff. In the Writ, 萊陽泰鑫礦業有限公司 has been named as defendant. In the interim, as a result of the Allegation, the Shandong Province Yantai City Intermediate People's Court of the PRC had imposed a freezing order in respect of 35% equity interest in 萊陽泰鑫礦業有限公司 held by 青島泰鑫礦業有限公司 (the "**Freezing Order**"). The frozen equity interest was restricted from transfer or pledge during the existence of the Freezing Order but the operations of 萊陽泰鑫礦業有限公司 will not be hindered by the imposition of the Freezing Order. The trial of the Allegation was held in August 2016 that the Plaintiff lost a lawsuit and the judgement was received in the early 2017 that 萊陽泰鑫礦業有限公司 was not liable to any claim and the Plaintiff alleged that he owned 萊陽泰鑫 50% Equity Interest was not in fact. The Plaintiff served a notice of appeal to the judgement. The trial of the final appeal was held in December 2017 and it was judged that the Plaintiff should have 0.67% of the equity interest in 萊陽泰鑫礦業有限公司.

On 15 May 2018, the Company sold the entire issued shares of Smart Task Limited to Zaozhuang Dongya Enterprise Company Limited (棗莊東亞實業有限公司). The Provisional Liquidators were advised that all matters of this litigation remained unchanged on or before 15 May 2018 and there was no further information available after the disposal.

(iii) Other litigations

Since their appointment as Provisional Liquidators and up to the date of this report, and based on limited available information, the following three legal proceedings have come to their attention:

1) In October 2019, the Company, was involved in a litigation in Singapore in the capacity of a corporate guarantor in relation to an outstanding loan facility provided by Haitong International Financial Products (Singapore) Pte Ltd, to one of the deconsolidated indirect wholly-owned subsidiaries, Burwill Lithium Company Limited. It was subsequently advised that the proceeding concluded with a summary judgement obtained against the Company and Burwill Lithium Company Limited on or around February 2020. However, the Provisional Liquidators did not have further details about the judgment.

2) In the latter part of 2020, the Provisional Liquidators learned more details about the legal proceeding in relation to 馬鋼(揚州)鋼材加工有限公司, a 29% owned associate of the Group ("**馬鋼(揚州)**").

Based on available information, it appeared that back on 30 August 2019, Yichun Yinli New Energy Co., Ltd. (宜春銀鋰新能源有限責任公司) ("**Yichun**"), the Company's indirect wholly-owned subsidiary, Burwill (China) Limited and Jiangxi Bao Jiang Lithium Industrial Limited (江西寶江鋰業有限公司) ("**Jiangxi Bao Jiang**") purportedly entered into a share pledge and guarantee agreement, by which shares of 馬鋼（揚州） held by Burwill (China) Limited were charged to Yichun (the "**Share Charge**"). The Provisional Liquidators were also aware on the same day that the Company's wholly owned subsidiary, Burwill Steel Holdings Limited and Bangkok Bank entered into a share charge agreement, by which shares of Burwill (China) Limited held by Burwill Steel Holdings Limited were charged to Bangkok Bank. Yichun subsequently commenced a legal proceeding in the PRC to enforce its rights under the share charge on the 馬鋼（揚州）.

Since the 馬鋼（揚州） has a considerable value of assets available to the Company, the Provisional Liquidators have approached a PRC lawyer in December 2020 to participate in the legal proceeding of the litigation.

On 19 March 2021, the case was heard in the Yichun Intermediate People's Court, Jiangxi Province, the PRC. During the hearing, Yichun provided further supporting documents in relation to the trade arrangement with Jiangxi Bao Jiang. As new evidences are now provided, the hearing was further adjourned to be heard on 19 April 2021 to allow sufficient time for the parties to inspect and consider the new documents.

The litigation is currently still ongoing and further updates would be provided when available.

3) On 8 July 2020, a winding-up hearing was held before the High Court in relation to a claim presented by a former employee against a wholly-owned subsidiary of the Company, Burwill Properties Limited ("**Burwill Properties**"), one of the deconsolidated direct wholly-owned subsidiaries of the Company.

Based on information available to the Provisional Liquidators, it was noted that on 17 July 2020 the High Court has ordered that (i) Burwill Properties be wound up; and (ii) Mr. Huen Ho Yin and Mr. Huen Yuen Fun of Huen & Partners Solicitors be appointed as the joint and several provisional liquidators of Burwill Properties.

Foreign currency exposure

Due to limited resources at the moment, the Group and the Company did not use any foreign currency derivative product to hedge our exposure to currency risk for the Reporting Period. The Group will closely monitor the risk exposure and will take prudent measures as appropriate.

Purchase, sale or redemption of listed securities of the Company

Based on the available information to the Provisional Liquidators, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold, any of the Shares during the year ended 31 December 2020.

Sufficiency of public float

Up to the date of this report, the Company has maintained a sufficient public float.

Significant investments and acquisitions

Based on books and records of the Group available to the Provisional Liquidators and the Board, save for the investments in associates of HK$72.8 million and the pledged properties owned by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates), the Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the Reporting Period.

Significant subsidiaries of the Company

Details of the subsidiaries of the Company are set out in note 9 to the consolidated financial statements.

Event after the Reporting Period

Subsequent to the end of the Reporting Period, the following key events have taken place up to the date of publication of this report:

(i) On 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement and a subscription agreement in respect of the subscription of new Shares by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. As at the date of approval for issuance of the consolidated financial statements, the condition precedents in these agreements have not been fulfilled, hence these agreements are not effective.

(ii) The Company filed originating summons (the "**Originating Summons**") to convene creditors' meetings (the "**Scheme Meetings**") regarding the scheme of arrangement in respect of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**HK Scheme**") and the scheme of arrangement in respect of the Company under Part VII of the Companies Act 1981 as applicable in Bermuda (the "**Bermuda Scheme**", together with the HK Scheme, the "**Schemes**") with the High Court and the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 February 2021 and 1 March 2021 respectively.

(iii) Subsequently, hearings of the Originating Summons were held on 2 March 2021 (for the High Court) and 5 March 2021 (for the Bermuda Court), pursuant to which, the tentative dates for (i) the Scheme Meetings are 15 April 2021 for both the HK Scheme and the Bermuda Scheme; and (ii) the High Court hearing and Bermuda Court hearing for the sanction of the HK Scheme and Bermuda Scheme are 6 May 2021 and 7 May 2021 respectively.

(iv) On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the resumption conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019 (the "**Delisting Decision**"). The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

PROSPECT

The Provisional Liquidators have been striving for preserving the Group's assets and operations since their appointment in November 2019. Under the Provisional Liquidators' stewardship, and with the working capital funding support received as disclosed in the Company's announcement dated 25 May 2020, the Company has resumed its trading operation in 2020 through BRD to continue with the Group's steel trading business that was previously operated by other subsidiaries of the Group. The Provisional Liquidators' initiative of reviving the Group's steel trading business received unequivocal support from the Group's creditors and investor, and brought significant financial success to the Group for the year ended 31 December 2020 with a net profit generated for the Group. The Group expects to continue generating revenue with reasonable prospects from its steel trading business during the year ended 31 December 2021. Further information in relation to the business conducted through BRD has been set out in the paragraphs headed "Business operations – Steel trading business" above.

Considering this financial turnaround was achieved during the year when the Group had been under financial distress and the impact of COVID-19 which come in wave after wave, the Provisional Liquidators consider it clearly demonstrate the Group's sustainability once its debts are under control, and believe the revitalisation of the Group's steel trading business lays solid foundation for the Group's restructuring plan. In the future, it is envisaged that the Group's steel trading businesses will be expanded to Europe and the wider Asia, including the South-East Asia. The expansion plan would be subject to multiple factors including the completion of the Proposed Restructuring, further funding made available by the Investor and resumption of trading in the Shares.

The Company's operation was stabilised since the revival of its trading business, and accordingly has been able to negotiate and enter into the Restructuring Agreement with the Investor (key details of which are set out in the Company's announcement dated 4 February 2021), under which the Investor will substantially finance the Company to compromise with the Company's existing creditors and to continue the Group's existing business operations.

The Provisional Liquidators have been working closely with the Investor since entering into the Restructuring Agreement. With the support of its creditors and the Investor, the Group has successfully steadily revived its business operations. The Proposed Restructuring of the Company, if successfully implemented, will achieve the following:

– business operations of the Group to continue that would satisfy the requirements under Rule 13.24 of the Listing Rules;

– a restructuring of the share capital of the Company through a capital reduction, a capital cancellation, a share consolidation;

– an issue of new Shares by way of share subscription by the Investor and open offer to qualifying Shareholders;

– all claims against, and liabilities of, the Company (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and Bermuda; and

– the resumption of trading in the Shares.

Further announcement(s) will be made by the Company regarding the progress of Proposed Restructuring leading to the resumption of trading in the Shares as and when appropriate.

Impact of the COVID-19 pandemic

After the COVID-19 pandemic outbreak in early 2020, a series of precautionary and control measures have been implemented across the globe. These measures are believed to be effective in containing the pandemic, but the lock downs at the same time have significantly disrupted the movement of people and goods, supply chains and general economic conditions, and in turn affected the overall demand of steel products around the globe.

Although the Group has successfully revived its steel trading business in this tough condition, it has experienced negative impact of the COVID-19 pandemic in various ways, from limitation of marketing efforts to disruptions of product delivery to the Group's customers. The negative impact of COVID-19 pandemic remains until early 2021 and is foreseen to carry on until vaccine is readily and widely available. As at the date of this report, uncertainties remain on the virus situation which may affect the future trading prospects of the Group.

The Group is paying close attention to the evolving development of, and the disruption to business and economic activities caused by the COVID-19 pandemic and evaluate its impact on the financial position, cash flows and operating results of the Group. Given the dynamic nature of the COVID-19 pandemic, it is not practicable to provide a reasonable estimate of its impacts on the Group's financial position, cash flows and operating results at the date of this report.

AUDIT OPINION

HLB Hodgson Impey Cheng Limited have expressed disclaimer of opinion on the audited consolidated financial statements for the year ended 31 December 2020, details of which and the relevant basis are set out in the Independent Auditors' Report on page 37 to page 48 of this report.

The Company discussed with its auditors in this regard and has explored with the auditors how the audit qualifications could be resolved. The Company understands that the audit qualifications could be resolved on a condition that: (i) following the completion of the Proposed Restructuring when all of these deconsolidated subsidiaries and derecognised associates and joint ventures (the "**Deconsolidated Entities**") are actually no longer part of the Group (e.g. dissolved or disposal under the process of restructuring), therefore the effects of the loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group will not have enduring effects to the Group's future consolidated financial statements; (ii) the auditors are able to satisfy themselves that the Group has, in fact, lost control, significant influence or joint control over these Deconsolidated Entities; (iii) the auditors are able to obtain sufficient appropriate audit evidence regarding the financial information of the Company and its remaining entities (the "**Remaining Entities**"); and (iv) the auditors are able to obtain sufficient appropriate audit evidence to satisfy themselves that the use of going concern assumption in the preparation of the consolidated financial statements of the Group is appropriate.

The Company's auditors noted that the Provisional Liquidators and the Directors are taking proactive procedures to address the auditors' concern over the financial information of the Group with an aim to meet the conditions set out by the auditors for addressing the audit qualifications in coming financial years.

In respect of the above conditions (i) and (ii), the Company declares that it has lost control over and/or the books and records of all of its subsidiaries, associates and/or joint ventures except for two entities, namely Burwill Steel Holdings Limited and Burwill (China) Limited, which remain as part of the Group for the purpose of executing of debt settlement (the agreement of which was entered into among the Company, the Provisional Liquidators and the relevant secured creditor of the Group on 18 February 2021 (the "**Debt Settlement**")).

The Company's auditors further noted that the Company filed Originating Summons to convene Scheme Meetings regarding HK Scheme and the Bermuda Scheme with the High Court and the Bermuda Court on 25 February 2021 and 1 March 2021 respectively:–

(i) Pursuant to the Schemes, upon the Schemes becoming effective, all of the equity interests in the Deconsolidated Entities, currently held by the Group would be transferred to the Schemes as part of the consideration for the Schemes; and

(ii) The transfers of equity interests in the Deconsolidated Entities depicted above will be sanctioned by the High Court and the Bermuda Court as part of the Schemes, and therefore the Group will lose the control and legal ownership over the Deconsolidated Entities for certain under Hong Kong laws and Bermuda laws upon the Schemes becoming effective.

In respect of the above condition (iii), given that there are no missing books and records for the Remaining Entities (excluding the Company, where the audit opinion concerning which will be addressed upon implementation of the Schemes, and Burwill Steel Holdings Limited and Burwill (China) Limited, which are now fully controlled by new nominee directors and the issue of missing books and records is expected to be rectified), it is envisaged that the Company will be able to provide sufficient appropriate audit evidence regarding the financial information of the Company and its remaining entities upon completion of the Proposed Restructuring and the Debt Settlement.

In respect of the above condition (iii), the Company auditors noted that the Provisional Liquidators are in the course of negotiation with the option holders in respect of the cancellation of the outstanding share options as allowed in the share option scheme adopted by the Company on 7 June 2018. In any event, such outstanding share options will expire on 31 May 2022. As such, the lack of books and records in relation to the share option expense incurred and the movements and balances of share-based compensation reserve will not have enduring effects to the Group's future consolidated financial statements.

In respect of the above condition (iv), the Company auditors noted that the going concern issue is being addressed by the implementation of the Proposed Restructuring and the debt restructuring (which consists of Debt Settlement and Schemes).

Based on the above and the discussion with the auditors, the Provisional Liquidators and the Directors are of the view that the conditions for resolving the audit qualifications set out above would be met upon (i) the Schemes becoming effective; (ii) the completion of the Proposed Restructuring and the Company's debt restructuring; and (iii) the cancellation or the expiration of the outstanding share options. The Provisional Liquidators and the Directors reasonably expect the above (i) and (ii) can be completed by the end of 2021 and the event in (iii) be completed no later than middle of 2022.

PROFILE OF DIRECTORS

Independent non-executive Directors

Mr. CHAN Kai Nang (appointed on 14 September 2020)

Mr. CHAN Kai Nang ("**Mr. Chan**"), aged 75, holds a Postgraduate Diploma in Management Studies from The University of Hong Kong in 1976 and a Bachelor's degree of Laws from the University of London in 1990. Mr. Chan also completed the Stanford Executive Program from the Graduate Business School of Stanford University and the Senior Transport Management Programme from the Ashridge Centre for Transport Management. Mr. Chan is an associate member of The Chartered Institute of Management Accountants (formerly known as The Institute of Cost and Management Accountants) in the United Kingdom, a member of The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Certified Accountants. During the past 45 years, Mr. Chan worked as senior executive in major multinational and local corporations engaged in different industries ranging from textile, toys, electronics, and electrical manufacturing, transportation, property developments and hotel operations as well as construction materials manufacturing (including cement and steel slake). Mr. Chan was the Deputy Chief Executive of the Land Development Corporation (replaced by Urban Renewal Authority in 2001).

Mr. Chan is currently an independent non-executive director of Soundwill Holdings Limited (stock code: 878) since March 2009 and an independent non-executive director of PanAsialum Holdings Company Limited (stock code: 2078) ("**PanAsialum**") since January 2020. The shares of both companies are listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of PanAsialum during the period from February 2017 to January 2018, an independent non-executive director of Prosperity International Holdings (H.K.) Limited (stock code: 803) from August 2010 to September 2019, an independent non-executive director of FDB Holdings Limited (now known as Steering Holdings Limited) (stock code: 1826) from 16 September 2015 to 12 January 2018, an executive director of Galaxy Entertainment Group Ltd. (formerly known as K. Wah Construction Materials Ltd. (stock code: 27) ("**K. Wah Construction**") and managing director of K. Wah Construction from 2003 to 2008 and an adviser of K. Wah Construction from May 2008 until his retirement in June 2014. The shares of the aforesaid companies are listed on the Main Board of the Stock Exchange. He was formerly an independent non-executive director of Asian Capital Holdings Limited (now known as ZZ Capital International Limited) (stock code: 8295) and Steed Oriental (Holdings) Company Limited (stock code: 8277), the shares of both companies are listed on the GEM of the Stock Exchange.

Mr. WONG Wai Keung, Frederick (appointed on 14 September 2020)

Mr. WONG Wai Keung, Frederick ("**Mr. Wong**"), aged 65, holds a master's degree in electronic commerce from Edith Cowen University, Western Australia. Mr. Wong has been a fellow member of the Institute of Chartered Accountants in England and Wales since 1993 and the Hong Kong Institute of Certified Public Accountants since 1991. He has over 40 years of accounting, finance, audit, tax and corporate finance experience and has worked at an international certified public accountants firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand.

Mr. Wong is currently an executive director of CF Energy Corp. (formerly known as Changfeng Energy Inc.) (stock code: CFY), the shares of which are listed on the Toronto Venture Exchange (TSX-V), an independent non-executive director, chairman of the nomination committee and a member of the audit committee and the remuneration committee of China Infrastructure & Logistics Group Ltd. (formerly known as CIG Yangtze Ports PLC) (stock code: 1719) ("**China Infrastructure**"), the shares of which are listed on the Main Board of the Stock Exchange, an independent non-executive director, chairman of the audit committee and a member of the remuneration committee of Perfect Group International Holdings Limited (stock code: 3326), the shares of which are listed on the Main Board of the Stock Exchange, an independent non-executive director, chairman of the audit committee and the risk management committee and a member of the remuneration committee and the nomination committee of Wah Sun Handbags International Holdings Limited (stock code: 2683), the shares of which are listed on the Main Board of the Stock Exchange, and an executive director and a member of the risk committee after his redesignation from his former roles as an independent non-executive director, chairman of the audit committee, a member of the nomination committee and the remuneration committee of Da Sen Holdings Limited (stock code: 1580), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Wong had been the chief financial officer, company secretary and authorised representative of Amber Hill Financial Holdings Limited (formerly known as Asia Investment Finance Group 3 Limited) (stock code: 0033) since September 2017 until he resigned from such positions in November 2017, the chief financial officer of APAC Resources Limited (stock code: 1104) ("**APAC Resources**") since January 2011 and the company secretary of APAC Resources between April 2011 and December 2011 and since February 2013 until he resigned from such positions in July 2016, and a consultant to APAC Resources between August 2016 and October 2016, the chief financial officer, company secretary and authorised representative of China Infrastructure from January 2001 to January 2011, and an executive director of Hwa Kay Thai Holdings Limited (now known as China Solar Energy Holdings Limited) (stock code: 0155) from 1996 to 1999. The shares of the aforesaid companies are listed on the Main Board of the Stock Exchange.

Non-executive Director

Mr. HUANG Shenglan

Mr. HUANG Shenglan ("**Mr. Huang**"), aged 69, joined the Group in September 2004 and was re-designated as a Non-Executive Director in March 2017 and appointed as a member of Audit Committee in November 2020. Mr. Huang was an Executive Director and the Deputy Governor of China Everbright Bank, Head Office, an Executive Director and the General Manager of China Everbright Technology Limited, an Executive Director of Asia Investment Finance Group Limited (now known as Amber Hill Financial Holdings Limited) and an Independent Non-Executive Director of the Company, Chongqing Road & Bridge Co. Ltd. and Symphony Holdings Limited. Mr. Huang holds a diploma in Arts from Huazhong Normal University and in International Economics from Huadong Normal University and a certificate in International Economic Law from Xiamen University and in Advanced Management Programme from the Business School of Harvard University, USA. Mr. Huang is an Independent Non-Executive Director of China LotSynergy Holdings Limited and a Non-Executive Director of China Fortune Investments (Holding) Limited.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company appeared to comply, based on the limited information available to the Provisional Liquidators, with the principles and code provisions (the "**Code Provisions**") as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") stipulated by the Stock Exchange in Appendix 14 of the Listing Rules. However, as the Company is currently going through the Proposed Restructuring with limited resources, there are practical difficulties for the Company to comply with the following requirements:

– Pursuant to Code Provision A.1.1 of the CG Code, the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. As the Company is currently going through the Proposed Restructuring with limited resources, no Board meetings were convened during the Reporting Period.

– Pursuant to Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive of the Company should be separate and should not be performed by the same individual. As at 31 December 2020 and the date of this report (the "**CG Report**"), the office of the Chairman and the chief executive officer of the Company were vacant.

– Pursuant to Code Provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the presence of the executive directors. As at 31 December 2020 and the date of the CG Report, the office of the Chairman was vacant.

– Pursuant to Code Provision A.5 of the CG Code, an issuer should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Nomination Committee was vacant as at 31 December 2020 and the date of the CG Report.

– Pursuant to Code Provision C.2.1 of the CG Code, the board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually. The Risk Committee was vacant as at 31 December 2020 and the date of the CG Report.

- Pursuant to Code Provision B.1.1 of the CG Code, a remuneration committee with specific written terms of reference should be established, and pursuant to Rule 3.25 of the Listing Rules, an issuer must establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors. The Remuneration Committee was vacant as at 31 December 2020 and the date of the CG Report.

- Pursuant to Rules 3.10(1) and (2), and 3.10A of the Listing Rules, an issuer must include at least three independent non-executive directors, with at least one of the independent non-executive directors having appropriate professional qualifications or accounting or related financial management expertise, and the number of independent non-executive directors must represent at least one-third of the Board. As at 31 December 2020 and as at the date of the CG Report, the Board comprised of only two independent non-executive Directors.

The Board will continue to monitor and review the Group's corporate governance practices and practices and properly address the aforementioned deviations.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors.

Under Rule A.3(b) of the Model Code, the listed issuer must notify the Exchange in advance of the commencement of each period during which directors are not allowed to deal in the securities of the issuer. During the Reporting Period, the Company had not notified the Stock Exchange in advance of the commencement of the 60-days period immediately preceding the publication date of the interim results for the Reporting Period, as required by Rule A.3(b), as the Company had practical difficulties in estimating the publication time of the annual results.

Save as disclosed above, having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

Board of Directors

The Board members for the Reporting Period and up to the date of the CG Report were:

Independent non-executive Directors

Mr. CHAN Kai Nang (appointed on 14 September 2020)
Mr. WONG Wai Keung, Frederick (appointed on 14 September 2020)

Non-executive Director

Mr. HUANG Shenglan

The biographies of all the Directors are set out on pages 17 to 19 of this annual report.

Board meeting and Directors' attendance

As the Company is currently going through the Proposed Restructuring with limited resources, no Board meetings were convened during the Reporting Period. Only one written resolution was passed on 14 September 2020 for the approval of the nomination of Mr Wong Wai Keung, Frederick and Mr Chan Kai Nang as the independent non-executive Directors.

Annual general meeting held during the Reporting Period

As the Company is currently going through the Proposed Restructuring with limited resources, no annual general meeting was held during the Reporting Period.

Chairman and Chief Executive Officer

As at 31 December 2020 and the date of the CG Report, the office of the Chairman and the chief executive officer of the Company were vacant.

Independence of independent non-executive Directors

During the Reporting Period, two independent non-executive Directors were appointed by the Company on 14 September 2020. The Company has received written confirmation from each of the independent non-executive Directors covering the period from 14 September 2020 (date of appointment) to the end of the Reporting Period in respect of his independence pursuant to Rule 3.13 of the Listing Rules.

Board committees

Based on the information available, the Board was supported by four sub-committees (collectively the "**Board Committees**"), namely the Audit Committee, Nominating Committee, Remuneration Committee and Risk Committee to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. Each committee has its own defined terms of reference which clearly states the corresponding roles and responsibilities. Save for the Audit Committee, all other Board Committees were vacant as at 31 December 2020 and the date of the CG Report.

Due to the limitation of incomplete books and records, the below information was disclosed based on the information available to the Provisional Liquidators. The Provisional Liquidators and the Directors were unable to ascertain the accuracy and completeness of such information.

Audit Committee

Mr. Cheung Sing Din, Mr. Tsang Kwok Wa and Mr. Cui Shu Ming resigned from the Board on 22 August 2019, 23 August 2019 and 18 October 2019 respectively and ceased to act as members of the Audit Committee with effect from the respective dates of their resignations. As a result, the Audit Committee remained vacant until its re-establishment on 16 November 2020. The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Wong Wai Keung, Frederick (chairman) and Mr. Chan Kai Nang, and the non-executive Director, namely Mr. Huang Shenglan.

The main duties of the Audit Committee are to assist the Board in reviewing the financial statements and reports and significant financial reporting judgements, effectiveness of internal audit function, risk management and internal control systems, audit process, appointment, reappointment and removal of the external auditors, arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The terms of reference of the Audit Committee follow the guidelines as set out in the CG Code and are available on the websites of the Stock Exchange and the Company.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Nomination Committee

According to the terms of reference of the Nomination Committee, its principal functions are:

(i) to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iii) to assess the independence of independent non-executive Directors; and

(iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the Chief Executive.

Subsequent to the resignation of Mr. Cheung Sing Din, Mr. Tsang Kwok Wa, Mr. Cui Shu Ming, Mr Sit Hoi Tung and Mr. Chan Shing from the Board on 22 August 2019, 23 August 2019, 18 October 2019, 5 November 2019 and 22 November 2019 respectively, the Nomination Committee remained vacant as at 31 December 2020 and the date of the CG Report.

Remuneration Committee

According to the terms of reference of the Remuneration Committee, the Remuneration Committee will meet to determine the policy for the remuneration of Directors and the senior management, and consider and review the terms of service contracts of the Directors and the senior management. In determining the emolument payable to Directors, the Remuneration Committee took into consideration factors such as time commitment and responsibilities of the Directors, abilities, performance and contribution of the Directors to the Group, the performance and profitability of the Group, the remuneration benchmark in the industry, the prevailing market/employment conditions and the desirability of performance-based remuneration.

Subsequent to the resignation of Mr. Cheung Sing Din, Mr. Tsang Kwok Wa, Mr. Cui Shu Ming and Mr Sit Hoi Tung from the Board on 22 August 2019, 23 August 2019, 18 October 2019 and 5 November 2019 respectively, the Remuneration Committee remained vacant as at 31 December 2020 and the date of the CG Report.

Risk Committee

The Risk Committee is responsible for evaluating and determining the nature and extent of the risks, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems.

Subsequent to the resignation of Mr. Kwok Wai Lam, Mr Sit Hoi Tung, Mr. Sham Kai Man, Mr. Ng Man Fai, Matthew and Mr. Chan Shing from the Board on 23 August 2019, 5 November 2019, 11 November 2019, 20 November 2019 and 22 November 2019 respectively, the Risk Committee remained vacant as at 31 December 2020 and the date of the CG Report.

Risk assessment

Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Currency risk management: The Group faces currency risk since the cash balances principally denominated in Hong Kong Dollar, Renminbi and US Dollar. Business transactions and loan financing items as well as receipts and payments are principally denominated in US Dollar. The Group considered that its exposure to currency fluctuation risk is modest. Prior to the appointment of the Provisional Liquidators, forward exchange contracts were used to hedge against transactions settled in Euro. For transactions that are subject to foreign exchange risk, it is understood that the Group shall assess the foreign exchange risk and make corresponding strategies and actions immediately after deals confirmed with customers. Prior to the appointment of the Provisional Liquidators, monthly updates giving details of the performance of the Group's business segments were provided to the directors (who have now resigned). Prior to the appointment of the Provisional Liquidators, all segment heads reported monthly for their responsible segments providing analysis and details of the business conditions, internal management and external market environment in the past month.

Operational risk

Since April 2020, two new SPVs for steel trading were established and references were made to the practices adopted by the Company prior to the appointment of the Provisional Liquidators. All customers would be assessed their respective payment ability under the Group's risk control policy before entering into the contract. For customers with low payment ability, the Group shall require them to provide guarantee to assure payment. Steel trading team members usually meet once a week for reporting their work progress as well as conducting market research and analysis to establish and/or adjust the operational direction and strategy. Foreseeable significant market changes would be timely reported to the management.

Credit risk management

Credit risk mainly arises from trade and other receivables. It is understood that the Group's trading business has high credit risk because as agents, the Group is exposed to all risks on trade receivables and inventories associated with the Group's customers. Telegraphic transfer were used as a means of settlement for trading transactions. The Group considers that its exposure to credit risk is modest. For few receivable trading businesses, a global credit risk management mechanism was set up and have stringent policies to manage the credit risk of these receivables.

Restructuring risk

Pursuant to the court orders dated 21 November 2019 and 16 April 2020 made by the High Court, the Provisional Liquidators are empowered to, *inter alia*, preserve the assets of the Company; take control of and exercise all rights which the Company may have in relation to entities in which it holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group. Pursuant to Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. Since the Shares have been suspended since 19 August 2019, resumption of Shares should be completed by 18 February 2021 (i.e. 18 months from the date of suspension). On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019 (the "**Delisting Decision**"). The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

Going Concern risk

As disclosed in note 2 to the consolidated financial statements, (i) as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$508,073,000 and the Group was in net liabilities position of approximately HK$435,133,000 and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2020. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern.

Notwithstanding the abovementioned, the consolidated financial statements for the year ended 31 December 2020 have been prepared on a going concern basis, the validity of this going forward will depend upon the Group's ability to repay or extend existing borrowings and liabilities upon their maturities or when they fall due through cash flows from operations and working capital to be provided through continuing support from financial institutions and the eventual successful completion of the proposed restructuring of the Group.

COVID-19 risk

COVID-19 pandemic has broken out in the late 2019 and early 2020. In 2020, most of the European countries were affected by the pandemic and periodic lockdown occurred. As for Asia, although the situation is slightly better, shipments and trading businesses were periodically affected in 2020. The negative impact of COVID-19 remains until early 2021 and is foreseen to carry on until vaccine is readily and widely available. As at the date of this report, uncertainties remain on the virus situation which may affect the future trading prospects of the Group.

Directors' and auditors' responsibilities for financial statements

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the Shareholders are set out on pages 47 of this report.

Auditors' remuneration

For the year ended 31 December 2020, the Group had engaged the Group's external auditors, HLB Hodgson Impey Cheng Limited and network firms, to provide the following services and their fees charged are set out as below:

	Fee charged for the year ended 31 December	
	2020	2019
	HK$	*HK$*
Types of Services		
Audit of consolidated financial statements of the Group for the year	**600,000**	1,100,000
Review of interim financial statements of the Group for the 6 months ended 30 June 2020	**300,000**	–

Directors' continuous professional development

Pursuant to the revised CG Code, which has come into effect from 1 April 2012, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Due to limited resources, during the Reporting Period, the Provisional Liquidators were not able to provide updates to all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

Company secretary

Subsequent to the resignation of Mr. Ng Man Fai, Matthew as the Company Secretary on 20 November 2019, the position of Company Secretary remained vacant as at 31 December 2020 and the date of the CG Report.

Shareholders' rights

Shareholder(s) holding not less than one-tenth of the Company's paid-up capital may request the Board to convene a special general meeting. The requisition must state the purposes of the meeting, and must be signed by the requisitionist(s) and deposited at the registered office or head office of the Company. If the Board does not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

If a Shareholder wishes to propose a person other than a Director of the Company for election as a director at any general meeting of the Company (the "**General Meeting**"), he/she can deposit a written requisition to that effect at the registered office or head office of the Company for the attention of the Company Secretary. In order for the Company to inform Shareholders of that proposal, the written requisition must state the full name of the person proposed for election as a Director, include the person's biographical details as required by rule 13.51(2) of the Listing Rules, and be signed by the Shareholder (other than the person to be proposed) concerned and that person indicating his/her willingness to be elected. The period for lodgment of such a written requisition will commence no earlier than the day after the despatch of the notice of the General Meeting and end no later than seven days prior to the date of the General Meeting. If the requisition is received less than eleven business days prior to the General Meeting, the Company will need to consider the adjournment of the General Meeting in order to allow Shareholders at least ten business days' notice of the proposal. For any other resolution(s) to be proposed by Shareholder(s) to put forward, Shareholder(s) holding not less than one-twentieth of the total voting rights of all Shareholders of the Company or not less than one hundred Shareholders may submit a written requisition to move such resolution(s); and the requisition must be signed by all requisitionist(s) and deposited for the attention of the Company Secretary at the registered office or head office of the Company not less than six weeks before the General Meeting in case of a requisition requiring notice of a resolution and not less than one week before the General Meeting in case of any other requisition together with sufficient money to meet all relevant expenses. If a requisition requiring notice of a resolution is received less than eleven business days prior to the General Meeting, the Company will need to consider the adjournment of the General Meeting in order to allow Shareholders at least ten business days' notice of the proposal.

Shareholders may at any time send their enquiries and concerns to the Board by addressing them to the Company by post to 22/F, Prince's Building, Central, Hong Kong.

Constitutional documents

During the Reporting Period, there was no change in the Company's constitutional documents.

Communication with Shareholders and investor relation

The Company releases all necessary disclosures and corporate communication through the websites of Stock Exchange and the Company in order to keep Shareholders, the public and any other stakeholders informed of all major developments that affect the Company.

The annual general meeting provides a valuable forum for direct communication between the Company and the Shareholders. The annual general meeting circulars are distributed to all Shareholders at least 20 clear business days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the Listing Rules. Any results of the poll are published on the Stock Exchange's website and the Company's website.

After the Proposed Restructuring, the proposed directors of the Company will review the Company's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the Company's corporate governance report, which will be included in the Company's annual reports subsequent to the completion of the Proposed Restructuring.

REPORT OF THE PROVISIONAL LIQUIDATORS AND DIRECTORS

Based on limited information available to the Provisional Liquidators and the Directors, the Provisional Liquidators and the Directors were not able to ascertain the accuracy and completeness of the information in this report (the "**Report of Provisional Liquidators and Directors**").

The Provisional Liquidators have presented in these consolidated financial statements the financial information provided by the Company's former management and based on all available information to the extent provided to them in their capacity as Provisional Liquidators subsequent to their appointment on 21 November 2019. The Provisional Liquidators note that the historical information in respect of the Company prior to such appointment date as provided to them may not be accurate, complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators and the Directors provide no assurance for the consolidated financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the listing requirements. The Provisional Liquidators and the Directors do not accept or assume responsibility for these financial statements for any purpose or to any person to whom these financial statements are shown or into whose hands they may come.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) are lithium concentrate investment, productions and distributions; international metal trading and mineral resources investment.

The Group (including Deconsolidated Subsidiaries and Derecognised Associates) is organised into two major operating units in its continuing operations: (i) steel trading and (ii) lithium business. The mineral resources segment, presented as a separate reportable segment in the previous years, was presented and classified as discontinued operations in the consolidated financial statements of the Group for the year ended 31 December 2018.

On the basis that the relevant books and records are incomplete, the Provisional Liquidators and the Directors were unable to ascertain the segment information.

Financial results

The results of the Group for the year ended 31 December 2020 are set out in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income on pages 51 to 52 respectively of this report.

The state of affairs of the Group as at 31 December 2020 is set out in the Consolidated Balance Sheet on pages 49 and 50 of this report.

The Group's cash flows for the year ended 31 December 2020 are set out in the Consolidated statement of Cash Flows on page 55 of this report.

Dividends

Based on the available books and records to the Provisional Liquidators and the Directors, no interim dividend was paid or declared during/for the Reporting Period. The Directors did not recommend any dividend for the Reporting Period.

Property, plant and equipment

Net book value of and movements in the property, plant and equipment of the Group during Reporting Period was arrived at based on the books and records made available to the Provisional Liquidators and the Directors. Details are set out in note 7 to the consolidated financial statements.

Subsidiaries, associates and joint ventures

The particulars of the Company's principal subsidiaries, associates and joint ventures as at 31 December 2020 are set out in notes 9 to 11 to the consolidated financial statements.

Borrowings

Particulars of borrowings of the Group as at 31 December 2020 are set out in note 22 to the consolidated financial statements.

Share capital

Details of the movements in the share capital of the Company are set out in note 18 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company during the year ended 31 December 2020 are set out in note 37 Details of the movements in the reserves of the Group are set out note 20 to the consolidated financial statements and in the Consolidated Statement of Changes in Equity.

Major customers and suppliers

Since the revival of the steel trading business of the Group in June 2020, the Group has been actively soliciting potential suppliers and customers to strengthen its supply chain as well as diversify and broaden its customer base. During the Reporting Period, the Group has two suppliers and four customers, with the largest supplier accounted for 63% of the total purchases of the Group and the largest customer accounted for 35% of the total sales of the Group.

None of the Directors, their respective close associates nor shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the above suppliers or customers at any time during the Reporting Period.

As the products offered by the Group are homogeneous in nature, the Provisional Liquidators and the Directors are of the view that plenty of alternate suppliers will be immediately available in the event that there is any disruption in supply from the major suppliers of the Group, and hence it is believed that the risk of over-reliance on a few suppliers is insignificant.

With the enhanced confidence on the Group upon completion of the Proposed Restructuring and resumption of trading in the Shares and further source of funding, the Group will reconnect with its previous customers and continue to expand its customer base.

Directors

The Directors during the Reporting Period and up to the date of the Report of Provisional Liquidators and Directors were:

Independent non-executive Directors

Mr. CHAN Kai Nang (appointed on 14 September 2020)
Mr. WONG Wai Keung, Frederick (appointed on 14 September 2020)

Non-executive Directors

Mr. HUANG Shenglan

Directors' service contracts

As at the date of the Report of Provisional Liquidators and Directors, there are three Directors, namely Mr. Huang Shenglan, Mr. Chan Kai Nang and Mr. Wong Wai Keung, Frederick.

As at the date of the Report of Provisional Liquidators and Directors, all three Directors have respectively entered into a service contract with the Company which can be terminated by notice in writing served by either party on the other.

Directors' remuneration

To the best knowledge of the Provisional Liquidators, the Board has the general power of determining the Directors' remuneration, subject to the authorisation of the Shareholders given at the annual general meeting of the Company each year.

Due to incomplete books and records, the Provisional Liquidators and the Directors were unable to ascertain information about emoluments of former Directors for the year ended 31 December 2019, including emolument policy, long-term incentive schemes (if any), and the basis of determining the emolument payables to the Directors.

Directors' biographies

Biographical details of the Directors are set out on pages 17 to 19 to this report.

Directors' interests in contracts

To the best knowledge of the Provisional Liquidators and the available information to the Provisional Liquidators, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

Directors' interests in competing businesses

To the best knowledge of the Provisional Liquidators and the available information to the Provisional Liquidators and the Directors, during the Reporting Period and up to the date of the Report of Provisional Liquidators and the Directors, the Provisional Liquidators are not aware of any present Director being considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

Share option scheme

Based on the limited information available to the Provisional Liquidators, pursuant to the share option scheme adopted by the Company on 7 June 2018 (the "**Share Option Scheme**"), certain options were granted to subscribe for new ordinary Shares. Details of which are set out as follows:

(I) Summary of terms of the Share Option Scheme

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to eligible participants (the "**Participants**") (as stated in paragraph (ii)) for the contribution to the Group and to enable the Group to recruit and retain high-calibre employees and other personnel that are valuable to the Group.

Participants

Any individual being an employee (whether full-time or part-time), officer, buying agent, selling agent, consultant, sales representative or marketing representative of, or supplier or provider of goods or services to, the Company or any of its subsidiaries, including any executive or non-executive director of the Company or any of its subsidiaries, who satisfies the criteria set out in the Share Option Scheme.

Maximum number of Shares

The limit on the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme of the Company and/or any subsidiary must not exceed 30 per cent. of the number of issued Shares from time to time. After the refreshment of the scheme mandate limit approved at the annual general meeting of the Company held on 12 June 2019, the total number of Shares available for issue under the Share Option Scheme was re-set at 511,162,223 Shares, representing approximately 10 per cent of the issued share capital of the Company as of the date of this Report of Provisional Liquidators and Directors.

Maximum entitlement of each Participant

Unless approved by Shareholders in general meeting, no Participant shall be granted an option which would result in the total number of Shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such Participant in any 12-month period immediately preceding the proposed date of grant for such options would exceed 1 per cent of the number of Shares in issue as at the proposed date of grant.

Option period

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of not exceeding 10 years to be notified by the Board to the grantee, such period to commence on the date of grant or such later date as the Board may determine and expiring on the last day of the said period. Under the Share Option Scheme, the Board may, at its discretion, prescribe a minimum period for which an option must be held before it can be exercised.

Payment on acceptance of option

HK$1.00 is payable by the Participant who accepts the grant of an option in accordance with the terms of the Share Option Scheme on acceptance of the grant of an option.

Subscription price

The subscription price for the Shares under the options to be granted under the Share Option Scheme will be a price determined by the Board and notified to a Participant at the time the grant of the options is made to (and subject to acceptance by) the Participant and will be at least the highest of: (a) the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant (subject to acceptance) of the option; and (c) the nominal value of the Shares.

The life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing from 7 June 2018, after which period no further options will be granted nor accepted but the provisions of Share Option Scheme shall remain in full force and effect in all other respects.

(II) Movements of the Share Option Scheme

During the year ended 31 December 2020, the movements of option shares under the Share Option Scheme are shown as follows:

	Date of grant	Exercise price per Share	Exercise period		Number of option shares					
			from	until	outstanding as at 01/01/2020	granted during the year	exercised during the year	cancelled during the year	lapsed during the year	balance as at 31/12/2020
		HK$								
(i) Director										
HUANG Shenglan	03/05/2019	0.138	01/06/2019	31/05/2022	5,000,000	–	–	–	–	5,000,000
(ii) Continuous contract employees	20/02/2019	0.140	01/04/2019	31/03/2022	461,800,000	–	–	–	–	461,800,000
	03/05/2019	0.138	01/06/2019	31/05/2022	29,000,000	–	–	–	–	29,000,000
				Total:	495,800,000	–	–	–	–	495,800,000

Notes:

1. The closing prices per share of the Company on 20 February 2019 and 3 May 2019, being the dates of grant of the options, were HK$0.140 and HK$0.138 respectively.

   The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

   – including any market performance conditions (for example, an entity's share price);

   – excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

   – including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

   – The Group recognised a share option expenses of Nil for the Reporting Period due to incomplete books and records.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2020, the interests and short positions of the Directors and chief executive of the Company (including those interests and short positions which were taken or deemed to have interests and short positions under the provisions of the Securities and Futures Ordinance (the "**SFO**")) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interests in shares and underlying shares of the Company

	Number of issued voting ordinary shares held					
Name of Director	**Personal Interests**	**Family Interests**	**Corporate Interests**	**Total**	**Approximate percentage in the Company issued voting shares**	**Number of option shares personally held** *(Note 1)*
HUANG Shenglan	2,250,000 (L)	–	–	2,250,000 (L)	0.04% (L)	5,000,000

Notes:

1. These underlying Shares were unlisted option shares granted pursuant to the Share Option Scheme. Particulars of which are set out in section "Share Option Scheme".

2. The letter "L" denotes long position and the letter "S" denotes short position.

   Save as otherwise disclosed above, as at 31 December 2020, none of the Directors or chief executive of the Company had, or were deemed under the SFO to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' interests and short positions in shares and underlying shares

As at 31 December 2020, according to the register required to be kept by the Company under Section 336 of the SFO, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in shares and underlying shares of the Company:

Interests in shares and underlying shares of the Company

Name of Shareholder	Nature of interest	Number of Shares held	Number of option shares held by family member(s)	Approximate percentage of shareholding as at 31 December 2020
Chan Shing	Personal, Family & Corporate	1,371,301,271 (L) *(Notes 1 & 2)*	–	26.83% (L)
Lau Ting	Personal, Family & Corporate	1,366,301,271 (L) *(Note 1)*	5,000,000 *(Note 2)*	26.83% (L)
Favor King	Corporate	879,119,336 (L) *(Note 3)*	–	17.20% (L)
Cheung Kwan	Personal & Corporate	662,110,000 (L) *(Note 4)*	–	12.95% (L)

Notes:

1. 104,042,601 Shares were directly held by Ms. LAU Ting. 170,772,521 Shares were directly held by Mr. CHAN Shing, the spouse of Ms. LAU Ting. 879,119,336 Shares were held by Glory Add Limited ("**Glory Add**"), a wholly-owned subsidiary of Favor King. 211,900,848 Shares were held by Strong Purpose Corporation ("**Strong Purpose**"). Favor King Limited ("**Favor King**") and Strong Purpose are wholly- owned by Mr. CHAN Shing and Ms. LAU Ting. 465,965 Shares were held by Hang Sing Overseas Limited, a wholly-owned subsidiary of Orient Strength Limited (a company which is wholly-owned by Ms. LAU Ting). As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same Shares.

2. 5,000,000 underlying Shares were unlisted option shares held by Mr. CHAN Shing, the spouse of Ms. LAU Ting, granted pursuant to the Share Option Scheme. Particulars of which are set out in section headed "Share Option Scheme" above. As the interests of each of Mr. CHAN Shing and Ms. LAU Ting are deemed to be the interests of each other, the figures referred to the same underlying Shares.

3. These interests were held by Glory Add, a company which is wholly-owned by Favor King. Favor King is wholly-owned by Mr. CHAN Shing and Ms. LAU Ting.

4. 539,110,000 Shares were directly held by Ms. CHEUNG Kwan. 123,000,000 Shares were held by The Internet of Things Investment Ltd. which is wholly-owned by Ms. CHEUNG Kwan.

5. The letter "L" denotes long position.

Save as disclosed above, as at 31 December 2020, there was no person (other than the Directors and chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Purchase, sale or redemption of listed securities of the Company

Based on the available information to the Provisional Liquidators, the Company has not redeemed, and neither the Company nor any of its subsidiaries has purchased or sold, any of the Shares during the year ended 31 December 2020 and up to date of the Report of the Provisional Liquidators.

Pre-emptive rights

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

Related party transactions

Due to incomplete books and records, the Provisional Liquidators and the Directors were unable to ascertain information about related party transactions to be disclosed during the Reporting Period. On the basis that the relevant books and records are incomplete, no representation is made by the Provisional Liquidators and the Directors as to the completeness, occurrence and accuracy of the related party transactions.

Directors' interests in competing business

As at the date of the Report of the Provisional Liquidators, to the best knowledge of and based on the available information, the Provisional Liquidators have no information regarding whether the Directors, the Shareholders and their respective associates had any interest in a business which causes or may cause a significant competition with the business of the Group or any other conflicts of interest which any such person has or may have with the Group.

Employees and remuneration policy

As at 31 December 2020, there were 3 employees and 8 directors with the Group. Staff remuneration packages are structured and reviewed by reference to market terms and individual merits during their past involvement in the Group. The Group also provides other staff benefits which include contributory provident fund and housing allowances, as applicable.

As the Group only initiated its business turnaround during the latter part of the Reporting Period, it faced substantial difficulties in recruiting full-time employees with the Provisional Liquidators appointed. As such, the Group sought support from the Provisional Liquidators and their professional advisers in assisting its daily operations (including financial reporting, human resources management and treasury management) and financial restructuring. As at the date of this report, based on information available to the Provisional Liquidators, more than 10 individuals were deployed in this regard. The Group expects to recruit a team with similar size to take on these functions upon resumption of trading in its Shares.

Permitted indemnity provision

Pursuant to the Company's Bye-Law, subject to the relevant statutes, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto.

Sufficiency of public float

Based on information that is available to the Company and within the knowledge of the Provisional Liquidators, as at the date of the Report of the Provisional Liquidators and Directors, the Company has complied with the sufficiency of public float requirement under the Listing Rules.

Corporate governance

A detailed Corporate Governance Report is set out on pages 19 to 26 of this report.

Independence of independent non-executive Directors

There were two independent non-executive Directors since their appointment to the Board and up to end of the Reporting Period. Each of the independent non-executive Directors has provided to the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of them are independent.

Events after the Reporting Period

Details of the events after the Reporting Period are set out in note 36 to the consolidated financial statements.

Auditors

The consolidated financial statements for the year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the conclusion of the next annual general meeting of the Company. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Burwill Holdings Limited (Provisional Liquidators Appointed)

Wong Wai Keung, Frederick
Director

Hong Kong, 30 March 2021

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF
BURWILL HOLDINGS LIMITED (PROVISIONAL LIQUIDATORS APPOINTED)
(Incorporated in Bermuda with limited liability)

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 49 to 105, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (the "**Consolidated Financial Statements**").

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

Basis for disclaimer of opinion

(a) Loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group

As described in the Basis for disclaimer of opinion section of our auditors' report dated 10 February 2021 on the consolidated financial statements of the Group for the financial year ended 31 December 2019 (the "**2019 Financial Statements**") and disclosed in note 2 to the 2019 Financial Statements, the Provisional Liquidators were appointed as joint and several provisional liquidators of the Company pursuant to an order granted by the High Court of the Hong Kong Special Administrative Region on 21 November 2019. The Provisional Liquidators are empowered to, *inter alia*, preserve the assets of the Company and take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest.

The Provisional Liquidators and the directors of the Company asserted that since the appointment of the Provisional Liquidators, (i) the accounting books and records and supporting documents of the Company and its subsidiaries were found to be missing and attempts have been made to obtain as many copies of the accounting books and records and supporting documents of the Company and its subsidiaries as possible; (ii) efforts were made to reconstruct the books and records of the Company and its subsidiaries and obtain alternative or secondary information or confirmations within the Group or from third parties; and (iii) the Provisional Liquidators have been unable to have access to the financial information of the associates and joint ventures of the Group with the exception of 馬鋼(揚州)鋼材加工有限公司("**馬鋼(揚州)**"), a 29% owned associate of the Group, (the "**Derecognised Associates**") or obtain cooperation from management of the Derecognised Associates. As of the date of this report, the retrieval of copies of the accounting books and records and supporting documents and reconstruction of books and records referred to above was far from completion and the Provisional Liquidators do not expect that these could be completed in the foreseeable future. In the view of the Provisional Liquidators, there exist insufficient, and incomplete, documentary information regarding the books and records of the Company and its subsidiaries and the treatment of balances and transactions of the Company and its subsidiaries. Under these circumstances, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the effects of these matters and the causes and effects of the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the lack of access to the associates and joint ventures of the Group, and their implications and impacts on the elements presented in the consolidated financial statements. In relation thereto, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves regarding (i) whether the Group had entered into irregular or problematic transactions during the years ended 31 December 2020 and 2019 and had irregular or problematic balances as at the end of the financial years that would have caused discrepancies in the accounting books and records and given rise to irregularities and misconduct; (ii) whether the Provisional Liquidators had performed sufficient appropriate procedures to completely identify these irregular or problematic transactions and balances and ensure that they are appropriately reflected in the consolidated financial statements; (iii) the nature and validity of the irregular or problematic transactions and balances, if any, and the reasons why they arose; (iv) whether there were any contingent or unrecorded liabilities arising from the irregular or problematic transactions and balances, if any, including penalties and other financial consequences from breaches of laws and regulations; and (v) whether there were any irregular or problematic transactions and balances involving related parties of the Group but which had not been identified by the Provisional Liquidators. These scope limitations also impact on our ability to determine the reliability of the management representations received by us as audit evidence for our audit testing purposes and hence of the audit evidence in general. Any adjustments found to be required may have consequential significant effects on the elements in the consolidated financial statements for the years ended 31 December 2020 and 2019 and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years then ended.

Given the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group, as well as their inability to have access to financial information and management of the Derecognised Associates, the Provisional Liquidators considered that the Group did not have the necessary information about the transactions and account balances of many of the subsidiaries and associates and joint ventures of the Group for inclusion of these entities in the consolidated financial statements of the Group. Accordingly, the Provisional Liquidators had determined that (i) the subsidiaries of the Group, with the exception of Burwill Steel Holdings Limited and its subsidiary, (the "**Deconsolidated Subsidiaries**") shall be de-consolidated from the consolidated financial statements of the Group with effect from 1 July 2019, the date after the interim condensed consolidated financial statements of the Group for the interim period of six-month ended 30 June 2019 (the "**2019 Interim Financial Statements**") prepared by the former management of the Group and published by the Company on 27 September 2019 prior to the appointment of the Provisional Liquidator; and (ii) the Derecognised Associates shall be derecognised and cease to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019.

In the view of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements that include the results, cash flows and account balances of the Deconsolidated Subsidiaries and Derecognised Associates subsequent to 30 June 2019. The de-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2019 also resulted in the exclusion of their assets and liabilities as at 31 December 2020 and 2019 and their revenue, income, expenses, and cash flows for the year ended 31 December 2020 and for the period 1 July 2019 to 31 December 2019 from the Consolidated Financial Statements. This accounting outcome is a departure from the requirements of Hong Kong Financial Reporting Standard ("**HKFRS**") 10 "*Consolidated Financial Statements*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which requires all subsidiaries controlled by the Company and its subsidiaries to be included in the consolidated financial statements. The facts and circumstances described above do not show that the Group had lost control over the Deconsolidated Subsidiaries with effect from 1 July 2019. Under HKFRS 10, the Group should have consolidated the Deconsolidated Subsidiaries in the Consolidated Financial Statements if control over the subsidiaries had not been lost. Had the Deconsolidated Subsidiaries been consolidated, many elements in the Consolidated Financial Statements would have been materially affected.

Similarly, the derecognition of the Derecognised Associates with effect from 1 July 2019 resulted in the non-recognition in consolidated income statement of the share of the profits or losses of the Derecognised Associates for the year ended 31 December 2020 and for the period from 1 July 2019 to 31 December 2019 attributable to the Group's equity interests in the associates and joint ventures, the non-recognition in consolidated other comprehensive income of the share of the other comprehensive income or losses of the Derecognised Associates for the year ended 31 December 2020 and the period from 1 July 2019 to 31 December 2019 attributable to the Group's equity interests in the associates and joint ventures and the non-recognition in the consolidated balance sheet of the share of net assets or liabilities of the Derecognised Associates as at 31 December 2020 and 2019 attributable to the Group's equity interests in the associates and joint ventures. This accounting outcome is a departure from the requirements of Hong Kong Accounting Standard ("**HKAS**") 28 "*Investments in Associates and Joint Ventures*" issued by the HKICPA, which requires the Group to account for its investments in its associates and joint ventures using the equity method of accounting. The facts and circumstances described above do not show that the Group had lost significant influence or joint control over the Derecognised Associates with effect from 1 July 2019. Under HKAS 28, the Group should have equity accounted for its interests in the Derecognised Associates in the Consolidated Financial Statements if significant influence or joint control over these associates and joint ventures had not been lost. Had the Derecognised Associates been equity accounted for, the investments in associates and joint ventures and share of results of associates and joint ventures, and related elements, in the Consolidated Financial Statements would have been materially affected.

We were unable to satisfy ourselves that the Group had, in fact, lost control, significant influence or joint control over these Deconsolidated Subsidiaries and Derecognised Associates and if so, when such control, significant influence or joint control was lost for each of the entities comprising the Deconsolidated Subsidiaries and Derecognised Associates.

In addition, the effects of the irregular or problematic transactions, if any, referred to above would have to be recognised, and reflected, in the Consolidated Financial Statements. However, as stated above, we have not been able to satisfy ourselves about the effects of the matters to which the incomplete and missing books and records and supporting documents and lack of access to local management of the subsidiaries and associates and joint ventures relate, including the effects of irregular or problematic transactions, if any, referred to above. Accordingly, the effects on the Consolidated Financial Statements of the failure to consolidate the Deconsolidated Subsidiaries and to equity account for the Derecognised Associates could not be determined.

Any adjustments that might have been found to be necessary in respect of the matters described above would have consequential significant effects on the Group's net liabilities as at 31 December 2020 and 2019 and the Group's results and cash flows for the years then ended and the fair presentation of the elements in the Consolidated Financial Statements.

(b) Investments in 馬鋼(揚州)

The Group's investment in 馬鋼(揚州), a 29% owned associate of the Group and accounted for by the equity method, was carried at approximately HK$72,836,000 and HK$68,617,000 on the consolidated balance sheet as at 31 December 2020 and 2019 respectively, and the Group's share of the profits of 馬鋼(揚州) of approximately HK$4,658,000 and HK$3,094,000 for the years ended 31 December 2020 and 2019 respectively and other comprehensive expense attributable to 馬鋼(揚州) of approximately HK$439,000 and HK$2,113,000 for the years ended 31 December 2020 and 2019 respectively, were included in the Group's consolidated income statement and consolidated statement of comprehensive income respectively. Due to the lack of access to complete books and records of 馬鋼(揚州) made available to us as explained in sub-paragraph (a) above, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the financial information of 馬鋼(揚州) that was used as the basis for the application of equity method of accounting to determine the Group's share of net assets movements and results of 馬鋼(揚州) for the years ended 31 December 2020 and 2019 did not contain material misstatements. As a result, we were unable to determine whether any adjustments were necessary in respect of the carrying amount of the Group's interests in the associate and its share of profits and other comprehensive income attributable to the associate recognised in the Consolidated Financial Statements as at 31 December 2020 and 2019 and for the years ended 31 December 2020 and 2019. Any adjustments found to be required may have consequential significant effects on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019. In addition, the summarised financial information about 馬鋼(揚州) required by HKFRS 12 "*Disclosure of Interests in Other Entities*" to be disclosed have not been disclosed in the Consolidated Financial Statements.

(c) Compliance with Listing Rules and applicable laws and regulations

Due to the lack of access to complete books and records of the Group and management personnel of the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there was non-compliance with applicable listing rules and laws and regulations by the Group and hence about the completeness of any actual or contingent liabilities in the Consolidated Financial Statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed unrecorded provisions or undisclosed contingent liabilities and hence whether there were material misstatements of the Consolidated Financial Statements due to non-compliance with the listing rules and laws and regulations. Any adjustments found to be necessary may have a consequential significant effect on the net liabilities of the Group as at 31 December 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 and the related disclosures thereof in the Consolidated Financial Statements.

Further, due to the lack of access to complete books and records of the Group, we were unable to satisfy ourselves that the disclosure requirements of the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") have been complied with in the Consolidated Financial Statements. Given these circumstances, there were no practicable audit procedures that we could perform to quantify or determine the extent of adjustments or further disclosures that might be necessary in respect of the Consolidated Financial Statements.

(d) Amounts due to the Deconsolidated Subsidiaries and Derecognised Associates

As disclosed in note 21 to the Consolidated Financial Statements, the Group recorded amounts due to the Deconsolidated Subsidiaries of approximately HK$118,550,000 and HK$118,550,000 as at 31 December 2020 and 2019 respectively and amounts due to the Derecognised Associates of approximately HK$4,000 and HK$4,000 as at 31 December 2020 and 2019 respectively. As explained in sub-paragraph (a) above, the Provisional Liquidators had been unable to retrieve and reconstruct the books and records of the Deconsolidated Subsidiaries or access the financial information and local management of the Derecognised Associates. Due to the lack of access to complete books and records of the Deconsolidated Subsidiaries and to financial information and local management of the Derecognised Associates, we were unable to perform audit procedures and there were no alternative audit procedures we could perform under the circumstances to obtain sufficient appropriate audit evidence to satisfy ourselves that the amounts due to the Deconsolidated Subsidiaries and Derecognised Associates as at 31 December 2020 and 2019 and that relevant transactions entered into with the Deconsolidated Subsidiaries and Derecognised Associates during the years then ended were valid and complete and free from material misstatements. Any adjustments found to be required may have consequential significant effects on the balances of the amounts due to the Deconsolidated Subsidiaries and Derecognised Associates as at 31 December 2020 and 2019 and the amounts and description of the relevant transactions with the Deconsolidated Subsidiaries and Derecognised Associates for the years ended 31 December 2020 and 2019, and other elements in the Consolidated Financial Statements, and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years ended 31 December 2020 and 2019.

(e) Financial information of the Company and its subsidiaries included in the consolidation

The Consolidated Financial Statements include the assets, liabilities, income, expenses and cash flows of the Company and its subsidiaries, including Burwill Steel Holdings Limited and Burwill (China) Limited. Given the incomplete books and records, and supporting documents, of these entities due to the circumstances described in sub-paragraph (a) above, we were unable to carry out satisfactory audit procedures to obtain reasonable assurance regarding the validity, occurrence, completeness, accuracy, existence, cut-off, valuation, classification and presentation of the transactions, account balances and related disclosures of the assets, liabilities, equity, income, expenses and cash flows of these entities that have been included in the Consolidated Financial Statements as at 31 December 2020 and 2019 and for the years then ended. Further, as disclosed in note 10 to the Consolidated Financial Statements, there are pending litigations regarding the share charges over the shares of 馬鋼(揚州) (the principal associate of the Group) and the Provisional Liquidators are still in the process of gathering information about the facts and circumstances relating to the share charges over the shares of 馬鋼(揚州) and of Burwill (China) Limited, the principal consolidated subsidiary of the Group which holds the shares of 馬鋼(揚州). Any adjustments found to be required to the accounts of the entities that have been included in the Consolidated Financial Statements and their balances may have consequential significant effects on the net liabilities of the Group and equity attributable to the owners of the Company as at 31 December 2020 and 2019, the profit or loss and total comprehensive income or expense attributable to the owners of the Company and cash flows from operating, investing and financing activities for the years ended 31 December 2020 and 2019, and the related disclosures thereof in the Consolidated Financial Statements.

(f) ***Company level balance sheet***

Included in the Company-level balance sheet as at 31 December 2020 and 2019 were investments in subsidiaries of approximately HK$100,000 and HK$nil respectively, amounts due to the Deconsolidated Subsidiaries of approximately HK$11,106,000 and HK$11,106,000 respectively and amounts due to the Derecognised Associates of approximately HK$4,000 and HK$4,000 respectively as at 31 December 2020 and 2019 as disclosed in note 37 to the Consolidated Financial Statements. Due to the scope limitations as described in sub-paragraph (a) above, we were unable to satisfy ourselves as to whether these carrying amounts in the Company-level balance sheet contain material misstatements. Any adjustments found to be necessary might have a consequential significant effect on the net liabilities of the Company as at 31 December 2020 and 2019 and the related disclosures concerning the Company-level balance sheet and reserves in the notes to the Consolidated Financial Statements.

(g) ***Contingent liabilities and commitments***

As explained in sub-paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in the Consolidated Financial Statements if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the contingent liabilities and commitments of the Group as disclosed in note 34 to the Consolidated Financial Statements should include the contingent liabilities and commitments of the Deconsolidated Subsidiaries. Further, the contingent liabilities and commitments of the Deconsolidated Subsidiaries may affect or involve the entities included in the Consolidated Financial Statements and the Group may have provided financial guarantees or other forms of guarantees on behalf of the Deconsolidated Subsidiaries. Due to the lack of complete books and records of the Group and the Deconsolidated Subsidiaries made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the contingent liabilities and commitments of the Group as disclosed in note 34 to the consolidated financial statements. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether there existed material amounts of contingent liabilities and commitments of or in relation to the Deconsolidated Subsidiaries. Any undisclosed material amounts of contingent or actual liabilities and commitments as at 31 December 2020 and 2019 which were related to the Deconsolidated Subsidiaries found to be in existence may have a consequential significant effect on the amounts recognised in and the fair presentation of the net liabilities of the Group as at 31 December 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 and the related disclosures thereof in the Consolidated Financial Statements.

(h) Events after the reporting period

As explained in sub-paragraph (a) above, the Group should have consolidated the Deconsolidated Subsidiaries in the Consolidated Financial Statements if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the events after the reporting period of the Group as disclosed in note 36 to the Consolidated Financial Statements should include the events and transactions after the reporting period of the Deconsolidated Subsidiaries. Further, the events and transactions after the reporting period of the Deconsolidated Subsidiaries may affect or involve the entities included in the Consolidated Financial Statements. Due to the lack of complete books and records of the Group and the Deconsolidated Subsidiaries, we had not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to the completeness of the events and transactions after the reporting period of the Group as disclosed in note 36 to the consolidated financial statements and there were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there had occurred significant events or transactions after the end of the reporting period which require disclosure in or adjustments to the consolidated financial statements. Any undisclosed or unadjusted events or transactions related to the Deconsolidated Subsidiaries found to have occurred during this intervening period may have consequential significant effects on the balances presented for the elements in the Consolidated Financial Statements and hence on the net liabilities of the Group as at 31 December 2020 and 2019 and the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 or on the fair presentation of these net liabilities and profit or loss and the related disclosures in the Consolidated Financial Statements.

(i) Related party transactions and balances

As explained in sub-paragraph (a) above, the Company should have consolidated the Deconsolidated Subsidiaries in its Consolidated Financial Statements if control over the Deconsolidated Subsidiaries had not been lost by the Group. Had these subsidiaries been consolidated, the related party transactions and balances as disclosed in note 35 to the Consolidated Financial Statements should include the transactions and balances of the Deconsolidated Subsidiaries with related parties of the Group. Further, the related party transactions and balances of the Deconsolidated Subsidiaries may affect or involve the entities included in the Consolidated Financial Statements. Due to the lack of complete books and records of the Deconsolidated Subsidiaries made available to us, we had not been able to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether there were material related party transactions and balances of the Deconsolidated Subsidiaries and hence about the completeness of the related party transactions and balances as disclosed in the consolidated financial statements. There were no practicable alternative procedures that we could perform to satisfy ourselves as to whether there existed material related party transactions and balances of the Deconsolidated Subsidiaries which require disclosure in the consolidated financial statements. Any undisclosed transactions or balances related to the Deconsolidated Subsidiaries found to have occurred or existed may have a consequential significant effect on the fair presentation of the net liabilities of the Group as at 31 December 2020 and 2019 and of the profit or loss attributable to the owners of the Company for the years ended 31 December 2020 and 2019 and the related disclosures thereof in the Consolidated Financial Statements.

(j) Share option expense and share-based compensation reserve

The Group operates an equity-settled share-based plan. The share option expense recognised in the consolidated income statement amounted to approximately HK$nil and HK$21,002,000 for the years ended 31 December 2020 and 2019 respectively and the share-based compensation reserve of the Group was approximately HK$35,532,000 and HK$35,532,000 as at 31 December 2020 and 2019 respectively. As explained in sub-paragraph (a) above, the Provisional Liquidators had been unable to retrieve and reconstruct the books and records of the Company and its subsidiaries. Due to the lack of access to complete books and records there were no alternative audit procedures we could perform to obtain sufficient appropriate audit evidence to satisfy ourselves that the amounts of share option expense incurred and the movements and balances of share-based compensation reserve as at and for the years ended 31 December 2020 and 2019 were valid and complete and free from material misstatements. Hence we were unable to satisfy ourselves as to whether any adjustments were necessary to these share option expense and share-based compensation reserve balances recognised in the Consolidated Financial Statements and the effects of any consequential adjustments to these figures on the calculations of basic and diluted earnings per share for the years ended 31 December 2020 and 31 December 2019. In addition, the disclosure requirements about share-based payments required by HKFRS 2 "*Share-based Payment*" to be disclosed have not been disclosed in the consolidated financial statements.

Any adjustments found to be required in respect of the matters described in sub-paragraphs (a) to (j) above may have consequential significant effects on the elements in the Consolidated Financial Statements and on the net liabilities of the Group as at 31 December 2020 and 31 December 2019 and the profit or loss attributable to the owners of the Company and net cash flows from operating activities for the years ended 31 December 2020 and 31 December 2019.

(k) Material uncertainties related to going concern basis

As disclosed in note 2 to the Consolidated Financial Statements, (i) as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$508,073,000 and the Group was in net liabilities position of approximately HK$435,133,000; and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2020. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the Resumption Conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019. As part of the Proposed Restructuring, on 18 February 2021, (i) a subscription agreement in respect of the subscription of new shares of the Company by Alpha Pioneer Ventures Limited (the "**Investor**") have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Company has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. If and upon the successful implementation of the Proposed Restructuring, all claims against, and liabilities (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) of the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and/or Bermuda. However, as at the date of this report, the Proposed Restructuring has not been completed and the outcome cannot be determined.

In addition, the adjustments found to be necessary to the Group's results for the year ended 31 December 2020 and closing balances of its assets and liabilities as at 31 December 2020 of the matters described in the sub-paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the Consolidated Financial Statements to be adversely affected.

These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the Consolidated Financial Statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to repay or extend existing borrowings and liabilities upon their maturities or when they fall due through cash flows from operations and working capital to be provided through continuing support from financial institutions.

As of the date of this report, we have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the Consolidated Financial Statements because the Provisional Liquidators' plans for future actions in relation to its going concern assessment, in particular the Proposed Restructuring, has not been finalised. Because of the significance of these matters, we were unable to satisfy ourselves as to whether the use of going concern assumption in the preparation of the Consolidated Financial Statements was appropriate. Should the Group be unable to continue as a going concern, adjustments would have to be made to the Consolidated Financial Statements to adjust the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The Consolidated Financial Statements do not incorporate any adjustments that would result from a failure to attain favourable outcomes in respect of the above matters. If the outcome in respect of any of the above matters turns to be unfavourable, the going concern basis might not be appropriate and, in such event, adjustments would have to be made to the Consolidated Financial Statements to reduce the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets.

(l) Non-compliance with HKFRSs and omission of disclosures

Due to the lack of access to complete books and records of the Group, the Provisional Liquidators determined that the information required to be disclosed under the disclosure requirements set out in HKFRS 7 "*Financial Instruments: Disclosures*", HKFRS 8 "*Operating Segments*", HKFRS 13 "*Fair Value Measurement*" and HKFRS 15 "*Revenue from Contracts with Customers*" could not be disclosed in the Consolidated Financial Statements. Given these circumstances, which are more fully described in note 2, we were unable to determine the effects of these non-disclosures of information required to be disclosed under these accounting standards and the extent and effects of other non-disclosure of information required to be disclosed under other accounting standards. There were no practicable audit procedures that we could perform to quantify or determine the extent of adjustments or further disclosures that might be necessary in respect of the Consolidated Financial Statements.

Responsibilities of Directors, the Provisional Liquidators and those charged with governance for the Consolidated Financial Statements

The directors of the Company and the Provisional Liquidators 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 and the Provisional Liquidators 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 and the Provisional Liquidators 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 and the Provisional Liquidators either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's Consolidated Financial Statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA and to issue an auditors' report. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Financial Statements.

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.

Report on Other Matters under sections 407(2) and 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the matters described in the *Basis for disclaimer of opinion* section of our report above:

- we were unable to determine whether adequate accounting records had been kept; and

- we have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement director on the audit resulting in this independent auditors' report is Kwok Kin Leung.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Kin Leung
Practising Certificate Number: P05769

Hong Kong, 30 March 2021

CONSOLIDATED BALANCE SHEET
At 31 December 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	**14**	–
Investment in an associate	*10*	**72,836**	68,617
Club debentures		**90**	90
Total non-current assets		**72,940**	68,707
Current assets			
Bills and accounts receivable	*16*	**8,242**	–
Deposits, prepayments and other receivables	*16*	**63**	–
Cash and bank balances	*17*	**1,154**	33
Total current assets		**9,459**	33
Total assets		**82,399**	68,740
EQUITY			
Equity attributable to owners of the Company			
Share capital	*18*	**511,162**	511,162
Other reserves	*20*	**1,165,358**	1,165,819
Accumulated losses	*20*	**(2,111,653)**	(2,121,883)
Capital deficiency		**(435,133)**	(444,902)

CONSOLIDATED BALANCE SHEET (CONTINUED)
At 31 December 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
LIABILITIES			
Current liabilities			
Due to Deconsolidated Subsidiaries	*21*	**118,550**	118,550
Due to Derecognised Associates	*21*	**4**	4
Borrowings	*22*	**376,635**	376,635
Other payables and accruals		**20,775**	18,453
Income tax payable		**1,568**	–
Total current liabilities		**517,532**	513,642
Total liabilities		**517,532**	513,642
Total equity and liabilities		**82,399**	68,740
Net current liabilities		**(508,073)**	(513,609)
Total assets less current liabilities		**(435,133)**	(444,902)

The consolidated financial statements on pages 49 to 105 were approved by the Board of Directors on 30 March 2021 and were signed on its behalf by:

Wong Wai Keung, Frederick
Director

Chan Kai Nang
Director

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	**2020**	2019
		HK$'000	*HK$'000*
Revenue	*5*	**412,093**	934,402
Cost of sales		**(400,969)**	(927,508)
Gross profit		**11,124**	6,894
Other expenses, gains and losses	*25*	**–**	(59,048)
Selling and distribution expenses		**–**	(15,029)
General and administrative expenses		**(3,880)**	(26,135)
Net impairment losses on financial assets		**–**	(140,993)
Share option expense		**–**	(21,002)
Operating profit/(loss)		**7,244**	(255,313)
Finance costs	*28*	**(104)**	(35,482)
Loss on deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	*6*	**–**	(990,693)
Share of profits of associates	*10*	**4,658**	2,504
Share of losses of joint ventures	*11*	**–**	(11,985)
Profit/(Loss) before income tax		**11,798**	(1,290,969)
Income tax (expense)/credit	*29*	**(1,568)**	1,061
Profit/(Loss) for the year		**10,230**	(1,289,908)
Profit/(Loss) attributable to owners of the Company		**10,230**	(1,289,908)
Earnings/(Loss) per share attributable to owners of the Company for the year	*30*		
Basic earnings/(loss) per share (HK cents)		**0.20**	(25.24)
Diluted earnings/(loss) per share (HK cents)		**0.20**	(25.24)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Profit/(Loss) for the year		**10,230**	(1,289,908)
Other comprehensive expense:			
Items that may be reclassified to profit or loss			
Share of other comprehensive income of associates	*20*	**–**	478
Release of translation adjustments upon deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	*6*	**–**	14,341
Exchange differences on translation of foreign operations	*20*	**(461)**	(7,017)
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income	*20*	**–**	(117)
Other comprehensive (expense)/income for the year, net of tax		**(461)**	7,685
Total comprehensive income/(expense) for the year attributable to owners of the Company		**9,769**	(1,282,223)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

		Attributable to owners of the Company			
	Note	**Share capital** *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 January 2020		**511,162**	**1,165,819**	**(2,121,883)**	**(444,902)**
Comprehensive income					
Profit for the year		**–**	**–**	**10,230**	**10,230**
Other comprehensive expense					
Exchange differences on translation of foreign operations	*20*	**–**	**(461)**	**–**	**(461)**
Total other comprehensive expense		**–**	**(461)**	**–**	**(461)**
Total comprehensive income		**–**	**(461)**	**10,230**	**9,769**
Balance at 31 December 2020		**511,162**	**1,165,358**	**(2,111,653)**	**(435,133)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2020

	Note	Attributable to owners of the Company				
		Share capital	Other reserves	Accumulated losses	Non-controlling interests	Total equity
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2019		510,962	1,004,943	(691,187)	(8,670)	816,048
Comprehensive income						
Loss for the year		–	–	(1,289,908)	–	(1,289,908)
Other comprehensive income						
Share of other comprehensive income of associates	*20*	–	478	–	–	478
Exchange differences on translation of foreign operations	*20*	–	(7,017)	–	–	(7,017)
Changes in the fair value of equity investments at fair value through other comprehensive income		–	(117)	–	–	(117)
Deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	*20*	–	14,341	–	–	14,341
Total other comprehensive income		–	7,685	–	–	7,685
Total comprehensive expense		–	7,685	(1,289,908)	–	(1,282,223)
Employee share option scheme:						
– value of employee services	*20*	–	21,002	–	–	21,002
– share options exercised	*18&20*	200	71	–	–	271
Release upon lapse of share options		–	(294)	294	–	–
Changes in ownership interest in subsidiaries without change of control		–	(8,670)	–	8,670	–
Deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	*20*	–	141,082	(141,082)	–	–
Total transactions with owners		200	153,191	(140,788)	8,670	21,273
Balance at 31 December 2019		511,162	1,165,819	(2,121,883)	–	(444,902)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash generated from operations	32	**1,243**	49,640
Interest paid		**(104)**	–
Hong Kong Profits Tax paid		**–**	(1,194)
Net cash generated from operating activities		**1,139**	48,446
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(18)**	(4)
Interest received		**–**	37
Dividends received from an associate		**–**	4,943
Net cash outflow upon deconsolidation of Deconsolidated Subsidiaries	6	**–**	(40,684)
Net cash used in investing activities		**(18)**	(35,708)
Cash flows from financing activities			
Share options exercised		**–**	271
Repayment of other bank loans		**–**	(78,595)
Additions of other loans		**50,500,000**	–
Repayment of other loans		**(50,500,000)**	–
Net cash used in financing activities		**–**	(78,324)
Net increase/(decrease) in cash and cash equivalents		**1,121**	(65,586)
Cash and cash equivalents at 1 January		**33**	65,628
Effect of exchange rate changes		**–**	(9)
Cash and cash equivalents at 31 December	17	**1,154**	33

1. GENERAL INFORMATION

Burwill Holdings Limited (Provisional Liquidators Appointed) (the "**Company**") is an investment holding company. Its consolidated subsidiaries are principally engaged in investment holding and steel trading and its Deconsolidated Subsidiaries were principally engaged in steel trading and lithium business.

The Company was incorporated in Bermuda as an exempted company with limited liability. The Company's shares (the "**Shares**") have been listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 1983.

Suspension of trading of the Shares

Trading in the Shares on the Stock Exchange had been suspended since 19 August 2019. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the Company failed to satisfy all the resumption conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019 (the "**Delisting Decision**"). The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

Winding up petition and appointment of joint and several provisional liquidators

On 4 September 2019, Strong Petrochemical Limited (the "**Petitioner**") has filed a petition (the "**Petition**") to the High Court of the Hong Kong Special Administrative Region (the "**High Court**") for the winding up of the Company.

On 25 October 2019, Bangkok Bank Public Company Limited (the "**Applicant**") applied to the High Court for an order that provisional liquidators be appointed over the Company on an ex parte on notice basis pursuant to section 193 of the Companies (Winding-up and Miscellaneous Provisions) Ordinance (the "**PL Application**"). On the inter partes hearing of the PL Application on 21 November 2019, an order was granted by the High Court appointing Mr. So Man Chun and Mr. Jong Yat Kit of PricewaterhouseCoopers as joint and several provisional liquidators of the Company (the "**Provisional Liquidators**"). Pursuant to the court orders dated 21 November 2019 and 16 April 2020 made by the High Court, the Provisional Liquidators are empowered to, *inter alia*, preserve the assets of the Company; take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest; and consider and/or undertake a restructuring of the Company and/or the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)).

On 25 November 2019, the Petitioner served the summons for leave to, *inter alia*, withdraw the Petition filed on 4 September 2019 and the Applicant served the summons for leave to, *inter alia*, substitute as the petitioner and amend the Petition. As at the date of approval for issuance of these consolidated financial statements, the High Court adjourned the hearing of the Petition to 21 April 2021 in order to give sufficient time for the Provisional Liquidators to consider and if thought feasible progress a restructuring of the Company and/or the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates (as defined in note 2 to the consolidated financial statements)).

Following their appointment, the Provisional Liquidators have sought to identify and secure any assets of the Company, including securing the Hong Kong office premises, taking possession of limited books and records in Hong Kong, requesting Statements of Affairs from the directors of the Company and seeking to transfer any bank balances to the Provisional Liquidators' designated accounts.

Proposed restructuring of the Group

As part of the restructuring exercise, pursuant to a Court sanction, the Company established a wholly owned subsidiary, namely Burwill Resources Development Limited ("**BRD**") on 23 April 2020, for the purpose of restructuring and continuation of the trading business of the Group. BRD has commenced its trading of steel business since June 2020.

On 24 September 2020, the Company entered into a restructuring agreement (the "**Restructuring Agreement**") with Alpha Pioneer Ventures Limited (the "**Investor**"), pursuant to which the Company will conduct a proposed restructuring which comprises (i) debt restructuring (which consists of debt settlement and scheme of arrangement); (ii) capital reorganisation; (iii) subscription of new shares; and (iv) open offer.

As part of the Proposed Restructuring, on 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement and a subscription agreement in respect of the subscription of new Shares by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor.

Upon completion of the Proposed Restructuring, the Company and the Group are expected to be solvent and the Provisional Liquidators will be discharged. For further details of the Proposed Restructuring of the Company and the companies of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)), please refer to the Company's announcement dated 4 February 2021. Capitalised terms used below shall have the same meaning as those defined in the aforementioned announcement unless otherwise defined.

(i) Proposed debt restructuring

It is proposed that the Company shall settle its obligations by way of the Debt Restructuring, which consists of the Debt Settlement and the Scheme.

Debt Settlement

The Company shall use reasonable endeavours to negotiate and enter into debt settlement agreement(s) with the Secured Creditors to settle their secured debts, which are expected to be executed prior to the implementation of the Scheme. It is envisaged that the Debt Settlement shall involve, among others, (i) payment(s) of such amount(s) that may be determined with reference to the valuation(s) of the relevant Collateral(s) to be conducted by an independent valuer(s) appointed by the Company, if appropriate and possible, and such amount(s) shall be paid in the time and manner as set out in the relevant debt settlement agreement; and (ii) the release and discharge of all the relevant claims against the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) and the release of the relevant Collateral(s).

The Secured Creditors who enter into the debt settlement agreement will be excluded from participating in the Scheme as Scheme Creditors. In the event that any Secured Creditor does not eventually participate in the Debt Settlement by entering into a Debt Settlement Agreement, it is envisaged that (i) the relevant debts owed by the Company to such Secured Creditor will be recognised as unsecured debts and shall be included in and settled by the Scheme; and (ii) if any Secured Creditor holds any Collateral(s) granted by a company of the Group (including Deconsolidated Subsidiaries (as defined below) and Derecognised Associates (as defined below)) other than the Company and has an unsecured claim against the Company, the relevant Secured Creditor shall be entitled to enforce the Collateral(s) in parallel to the Scheme to recover its debt provided that it agrees (via the Scheme) to pay to the Company any amount it receives in excess of the aggregate amount of its claims.

Scheme

Upon finalisation of the adjudications of claims filed by the Scheme Creditors, the Company shall implement the Scheme for the full and final settlement of all debts and claims of all Scheme Creditors. It is envisaged that the Scheme shall involve a *pari passu* distribution of (and at the selection by each Scheme Creditor of one of the following) cash, convertible bonds, redeemable preference shares or other options or instruments which the Company may consider appropriate for the settlement of claims of the Scheme Creditors, details of which are subject to further negotiation.

(ii) Capital Reorganisation

The Company proposes to implement, subject to the approval by the shareholders, the Capital Reorganisation. The Capital Reorganisation will comprise the capital reduction, the share premium cancellation, the share consolidation and the increase in authorised share capital. Upon completion of the Capital Reorganisation, the Company shall propose the change in board lot size.

(iii) Subscription

The Company and the Investor shall negotiate, prepare and finalise the Subscription Agreement which shall reflect the structure and contain the terms and conditions of the Subscription. Subject to and in accordance with the terms and conditions of the Subscription Agreement, the Company shall agree to issue and allot, and the Subscriber(s) shall agree to subscribe for the Subscription Shares.

(iv) Open Offer

The Company shall propose the Open Offer on the basis of one (1) offer shares for every two (2) consolidated shares held by the qualifying shareholders on the Open Offer record date.

The notes to the consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 30 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note explains the basis of preparation and 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 consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

Based on the limited information available to the Provisional Liquidators and the directors of the Company (the "**Directors**"), the Provisional Liquidators and the Directors were not able to ascertain the accuracy and completeness of the information in these consolidated financial statements.

The comparative figures in respect of the year ended 31 December 2019 presented or disclosed in these consolidated financial statements and the other historical financial information presented or disclosed in these consolidated financial statements are based on all available information to the extent provided to the Provisional Liquidators subsequent to their appointment on 21 November 2019. The Provisional Liquidators and the Directors note that the historical information in respect of the Company and its subsidiaries prior to such appointment date as provided to them may not be accurate, complete and sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position and may contain errors. The Provisional Liquidators and the Directors provide no assurance for the consolidated financial statements, financial position and results contained herein which are presented solely for the purpose of meeting the requirements under the Listing Rules. The Provisional Liquidators and the Directors do not accept or assume responsibility for these consolidated financial statements for any purpose or to any person to whom these consolidated financial statements are shown or into whose hands they may come.

(i) Loss of accounting records and de-consolidation of certain subsidiaries and derecognition of certain associates and joint ventures of the Group

The Provisional Liquidators were appointed as joint and several provisional liquidators of the Company pursuant to an order granted by the High Court on 21 November 2019. The Provisional Liquidators are empowered to, *inter alia*, preserve the assets of the Company and take control of and exercise all rights which the Company may have in relation to entities in which the Company holds an interest.

The Provisional Liquidators and the Directors assert that since the appointment of the Provisional Liquidators, (i) the accounting books and records and supporting documents of the Company and its subsidiaries were found to be missing and attempts have been made to obtain as many copies of the accounting books and records and supporting documents of the Company and its subsidiaries as possible; (ii) efforts were made to reconstruct the books and records of the Company and its subsidiaries and obtain alternative or secondary information or confirmations within the Group or from third parties; and (iii) the Provisional Liquidators have been unable to have access to the financial information of the associates and joint ventures of the Group with the exception of 馬鋼(揚州)鋼材加工有限公司(“**馬鋼(揚州)**”), a 29% owned associate of the Group, (the “**Derecognised Associates**”) or obtain cooperation from management of the Derecognised Associates. As of the date of approval for issuance of the consolidated financial statements, the retrieval of copies of the accounting books and records and supporting documents and reconstruction of books and records referred to above was far from completion and the Provisional Liquidators do not expect that these could be completed in the foreseeable future. In the view of the Provisional Liquidators, there exist insufficient, and incomplete, documentary information regarding the books and records of the Company and its subsidiaries and the treatments of balances and transactions of the Company and its subsidiaries. Under these circumstances, the Provisional Liquidators are unable to assess the effects of these matters for the years ended 31 December 2020 and 2019, as well as the causes and effects of the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the lack of access to the associates and joint ventures of the Group, and their implications and impacts on the elements presented in the consolidated financial statements of the Group for the years ended 31 December 2020 and 2019.

Given the loss of accounting books and records and supporting documents of the Company and its subsidiaries and the fact that the Provisional Liquidators have not been able to have contact with a number of key accounting personnel and management personnel of the Group, all of whom had left the Group, as well as their inability to have access to financial information and management of the Derecognised Associates, the Provisional Liquidators consider that the Group did not have the necessary information about the transactions and account balances of many of the subsidiaries and associates and joint ventures of the Group for inclusion of these entities in the consolidated financial statements of the Group for the years ended 31 December 2020 and 2019. Accordingly, the Provisional Liquidators have determined that (i) the subsidiaries of the Group, with the exception of Burwill Steel Holdings Limited and its subsidiary, (the “**Deconsolidated Subsidiaries**”) shall be de-consolidated from the consolidated financial statements of the Group with effect from 1 July 2019, the date after the end of the reporting period of the interim condensed consolidated financial statements of the Group for the interim period of six-month ended 30 June 2019 prepared by the former management of the Group and published by the Company on 27 September 2019 prior to the appointment of the Provisional Liquidators; and (ii) the Derecognised Associates shall be derecognised and cease to be equity accounted for in the consolidated financial statements of the Group with effect from 1 July 2019.

In the view of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements of the Group that include the results, cash flows and account balances of the Deconsolidated Subsidiaries and Derecognised Associates subsequent to 30 June 2019. The de-consolidation of the Deconsolidated Subsidiaries with effect from 1 July 2019 resulted in the exclusion of their assets and liabilities as at 31 December 2020 and 2019 and their revenue, income, expenses, and cash flows for the years ended 31 December 2020 and 2019.

(ii) ***Material uncertainties related to going concern***

As presented in the consolidated financial statements, (i) as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$508,073,000 and the Group was in net liabilities position of HK$435,133,000; and (ii) the Group had total borrowings of HK$376,635,000 which were matured and defaulted for repayment as at 31 December 2020. On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the resumption conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019. As part of the Proposed Restructuring, on 18 February 2021, (i) a subscription agreement in respect of the subscription of new shares of the Company by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. Upon the successful implementation of the Proposed Restructuring, all claims against, and liabilities (other than the normal operating liabilities incurred during the ordinary course of business operations of the Group, such as daily operating expenses and administrative expenses) of the Company will be discharged and compromised in full by way of schemes of arrangement in Hong Kong and/or Bermuda.

In addition, the adjustments found to be necessary to the Group's results for the year ended 31 December 2020 and closing balances of its assets and liabilities as at 31 December 2020 of the matters described in the paragraphs above may cause the operating results, liquidity position and financial position of the Group as presented in the consolidated financial statements to be adversely affected.

The conditions described above indicate the existence of material uncertainties that may cast significant doubts about the Group's ability to continue as a going concern. Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the Group's ability to repay or extend existing borrowings and liabilities upon their maturities or when they fall due through cash flows from operations and working capital to be provided through continuing support from financial institutions.

(iii) ***Historical cost convention***

The consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments at fair values, as explained in the accounting policies below.

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

(iv) ***New and amended standards adopted by the Group***

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

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

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

(v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company 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 income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

(ii) 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 (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

Under HKFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (iv) below), after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method

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 and joint ventures 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 and joint ventures 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 2.8.

(v) 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.

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.

2.3 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 a dividend 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.

2.4 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 the board of directors that makes strategic decisions.

2.5 Foreign currency translation

(i) 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 Hong Kong dollar (HK$), which is the Company's functional and presentation currency.

(ii) ***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 generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the consolidated income statement within "general and administrative expenses".

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 and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(iii) ***Group companies***

The results and financial position of foreign operations (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:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) ***Disposal of foreign operation and partial disposal***

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.6 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment losses. 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 reporting period in which they are incurred.

Depreciation 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	4 to 5 years (or over the period of leases if shorter)
• Furniture and equipment	4 to 10 years
• Motor vehicles	4 to 10 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 2.8).

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

2.7 Intangible assets

(i) Domain names and trademarks

Acquisition costs of domain names and legal costs related to the registration of trademarks are capitalised and amortised on a straight-line basis over their estimated useful lives of ten years.

(ii) Computer software

Acquired computer software licences are 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 of ten years.

2.8 Impairment of non-financial assets

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.

2.9 Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through OCI 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 OCI. 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 (FVOCI).

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

(ii) 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.

(iii) 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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL 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.

Debt 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 three 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/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) 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 OCI, 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 FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

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

For bills and accounts receivable, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where the Group currently has 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 Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined using specific identification of their individual costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.12 Accounts receivable

Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of accounts 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.

Accounts receivable 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 accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's accounting for accounts receivable and note 3.1 for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Accounts and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the consolidated balance sheet 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 profit or loss as finance costs.

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 reporting period.

2.17 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

2.18 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.

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 and its subsidiaries and associates 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. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for 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 substantially 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.

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 where 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.

2.19 Employee benefits

(i) 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 consolidated balance sheet.

(ii) Bonus plans

Provisions for bonus plans due wholly within 12 months after the end of each reporting period are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) Post-employment obligations

The Group operates a number of defined contribution plans.

Pension obligations

For defined contribution plans, the Group pays contributions to publicly or privately 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.

2.20 Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.21 Provisions

Provisions 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 can be 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 expenditure 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.

2.22 Revenue recognition

Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customers, the customers have full discretions to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, control of the products has been transferred to the customers, and either the customers have accepted the products in accordance with the sales contracts, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Deposits payments on sales of goods received prior to the date of revenue recognition are included in the consolidated balance sheet as "contract liabilities" under current liabilities.

2.23 Earnings/(loss) per share

(i) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and

- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.25 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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 other than the security interests in the leased assets that are held by the lessor. 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 payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less.

2.26 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.27 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.28 Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any number of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by board committee(s) under policies approved by the board of directors. The committee identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board lays down principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and treasury investment.

(a) Market risk

(i) Foreign exchange risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. The Group manages the foreign exchange exposure arising from its normal course of business activities and investments in foreign operations by funding its local operations and investments through cash flow generated from business transactions locally. The management monitors foreign exchange exposure closely and forward exchange contracts are used for hedging purposes when required.

In view of the fact that Hong Kong dollar ("**HK$**") is pegged to United States dollar ("**US$**"), the Group's exposure to change in US$ exchange rate is minimal.

(ii) Price risk

The Group is not exposed to significant price risk.

(iii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

(i) Risk management

The Group reviews the recoverability of its financial assets periodically to ensure that potential credit risk of the counterparty is managed at an early stage and sufficient provision for impairment allowance is made for possible defaults.

Substantially all of the Group's bank balances are deposited in major financial institutions. The Provisional Liquidators and the Directors do not expect any losses from non-performance by these banks. The credit quality of cash and cash equivalents has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and deposits, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The Group performs impairment assessment under ECL model on accounts receivable based on provision matrix or 12-month ECL. In this regard, the Provisional Liquidators and the Directors consider that the Group's credit risk is significantly reduced.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. As at 31 December 2020, the Group is exposed to concentration of credit risk on accounts receivable from a major customer of the Group, which accounted for 100% of the Group's total accounts receivable.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonably available and supportive forward-looking information.

(ii) *Impairment of financial assets*

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

Category	**Group definition of category**	**Basis for recognition of ECL**
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL for accounts receivable. To measure the expected credit losses, these accounts receivable have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group assessed that there is no loss allowance recognised during the year ended 31 December 2020.

For deposits, the Provisional Liquidators and the Directors makes periodic individual assessment on the recoverability of deposits based on past experience, current conditions and supportive forward-looking information. The Provisional Liquidators and the Directors believe that there are no significant increase in credit risk of these amounts since initial recognition. For the year ended 31 December 2020, the Group assessed that ECL for deposits are insignificant and thus no loss allowance is recognised.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

3.2 Capital 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 issue new shares.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and classification of the financial risks management of the Group as of the date of publication of these consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

5. REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Sale of goods	**412,093**	934,402

The geographical analysis of revenue by location of customers is as follows:

	2020
	HK$'000
Mainland China	**412,093**

Information about major customers

For the year ended 31 December 2020, revenue from major customers who contributed more than 10% of total revenue of the Group are as follows:

	2020
	HK$'000
Customer A	**132,180**
Customer B	**73,463**
Customer C	**144,895**
Customer D	**61,555**

The Group only had one principal activity during the year ended 31 December 2020, which is steel trading and represents the only operating segment of the Group. Accordingly, no segment information analysed by operating segment is presented in respect of the year ended 31 December 2020.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, occurrence, cut-off, classification and accuracy of revenue and segment information of the Group as of the date of publication of these consolidated financial statements.

6. LOSS ON DECONSOLIDATION AND DERECOGNITION OF DECONSOLIDATED SUBSIDIARIES AND DERECOGNISED ASSOCIATES

As disclosed in note 2, due to loss of accounting records and lack of access to financial information and local management of subsidiaries, associates and joint ventures of the Group, the Provisional Liquidators consider that there is insufficient documentation to satisfy the Provisional Liquidators on control of the Deconsolidated Subsidiaries in accordance with the requirements of Hong Kong Financial Reporting Standard 10 "*Consolidated Financial Statements*" and on significant influence or joint control over the Derecognised Associates in accordance with the requirements of Hong Kong Accounting Standard 28 "*Investments in Associates and Joint Ventures*". In the opinion of the Provisional Liquidators, it is impracticable to prepare consolidated financial statements that include the Deconsolidated Subsidiaries and Derecognised Associates after 1 July 2019. Accordingly, the Group had de-consolidated the Deconsolidated Subsidiaries and derecognised the Derecognised Associates of the Group with effect from 1 July 2019.

The carrying amounts of the assets and liabilities of the Deconsolidated Subsidiaries and of the Group's interests in the Derecognised Associates at 1 July 2019, the date of deconsolidation and derecognition of the Deconsolidated Subsidiaries and Derecognised Associates, are set out below:

	2019
	HK$'000
Property, plant and equipment	1,322
Right-of-use assets	7,252
Investments in associates	135,335
Investments in joint ventures	37,710
Financial assets at fair value through other comprehensive income	21,484
Club debentures	1,383
Deferred income tax assets	15,238
Inventories	7,792
Financial assets at fair value through profit or loss	78,127
Bills and accounts receivable	637,016
Deposits, prepayments and other receivables	365,202
Due from ultimate holding company	11,106
Due from fellow subsidiaries	107,444
Due from associates	3,802
Due from joint ventures	58
Income tax refundable	649
Cash and bank balances	63,306
Deferred income tax liabilities	(4)
Borrowings	(251,085)
Contract liabilities	(10,388)
Due to ultimate holding company	(1,021,885)
Due to fellow subsidiaries	(56,632)
Due to associates	(17,555)
Bills and accounts payable	(15,326)
Other payables and accruals	(223,110)
Income tax payable	(406)
Net liabilities of Deconsolidated Subsidiaries, including carrying amounts of Derecognised Associates at date of deconsolidation	(102,165)
Translation adjustments reserve released upon deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	14,341
	(87,824)
Impairment loss recognised on amounts due from Deconsolidated Subsidiaries	1,078,517
Loss on deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	990,693

Net cash outflow upon deconsolidation of Deconsolidated Subsidiaries presented in the consolidated statement of cash flows is arrived at as follow:

	2019
	HK$'000
Cash and bank balances of Deconsolidated Subsidiaries at date of deconsolidation	63,306
Bank overdrafts of Deconsolidated Subsidiaries at date of deconsolidation	(22,622)
Net cash outflow upon deconsolidation of Deconsolidated Subsidiaries	40,684

As disclosed in note 2, on the basis of the relevant books and records of the Deconsolidated Subsidiaries and Derecognised Associates are incomplete, no representation is made by the Provisional Liquidators and the Directors as to the completeness, occurrence, cut-off, classification and accuracy of the loss on deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates as of the date of publication of these consolidated financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$'000*	Furniture and equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
At 1 January 2019				
Cost	3,363	4,357	5,153	12,873
Accumulated depreciation and impairment	(3,363)	(4,171)	(3,470)	(11,004)
Net book amount	–	186	1,683	1,869
Year ended 31 December 2019				
Opening net book amount	–	186	1,683	1,869
Additions	–	4	–	4
Depreciation charge	–	(21)	(530)	(551)
Deconsolidation of Deconsolidated Subsidiaries	–	(169)	(1,153)	(1,322)
Closing net book amount	–	–	–	–
At 31 December 2019				
Cost at date of deconsolidation	3,363	4,361	5,153	12,877
Accumulated depreciation and impairment at date of deconsolidation	(3,363)	(4,192)	(4,000)	(11,555)
Deconsolidation of Deconsolidated Subsidiaries	–	(169)	(1,153)	(1,322)
Net book amount	–	–	–	–
Year ended 31 December 2020				
Opening net book amount	**–**	**–**	**–**	**–**
Additions	**–**	**18**	**–**	**18**
Depreciation charge	**–**	**(4)**	**–**	**(4)**
Closing net book amount	**–**	**14**	**–**	**14**
At 31 December 2020				
Cost	**–**	**18**	**–**	**18**
Accumulated depreciation	**–**	**(4)**	**–**	**(4)**
Net book amount	**–**	**14**	**–**	**14**

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the property, plant and equipment of the Group as of the date of publication of these consolidated financial statements.

8. INTANGIBLE ASSETS

	Domain names, trademark and computer software *HK$'000*
At 1 January 2019	
Cost	193
Accumulated amortisation and impairment	(193)
Net book amount	–
Year ended 31 December 2019	
Opening net book amount and closing net book amount	–
Other information	
Cost at date of deconsolidation	193
Accumulated amortisation and impairment at date of deconsolidation	(193)
Net book amount at date of deconsolidation	–

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the intangible assets of the Group as of the date of publication of these consolidated financial statements.

9. PRINCIPAL SUBSIDIARIES

The following is a list of the principal consolidated subsidiaries at 31 December 2020:

Name	**Place of incorporation/ operations and kind of legal entity**	**Issued and fully paid capital**	**Percentage of equity interest/voting capital attributable to the Group**		**Principal activities**
			2020	2019	
Directly held:					
Burwill Steel Holdings Limited	The British Virgin Islands; limited liability company	US$1	**100%**	100%	Investment holding
Burwill Resources Development Limited	Hong Kong; limited liability company	HK$100,000	**100%**	–	Steel trading
Indirectly held:					
Burwill (China) Limited	Hong Kong; limited liability company	HK$200	**100%**	100%	Investment holding
Burwill Resources Development Switzerland AG	Switzerland; limited liability company	CHF100,000	**100%**	–	Not yet commenced business

None of the above principal subsidiaries have material non-controlling interests for the years ended 31 December 2020 and 2019.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the interests in subsidiaries of the Company, amounts due from subsidiaries and amounts due to Deconsolidated Subsidiaries as of the date of publication of these consolidated financial statements.

The following is a list of the principal Deconsolidated Subsidiaries:

Name	Place of incorporation/ operations and kind of legal entity	Issued and fully paid capital	Percentage of equity interest/ voting capital attributable to the Group as at the date of deconsolidation	Principal activities
Directly held:				
Burwill and Company Limited	Hong Kong; limited liability company	HK$50,000,000 and £50,000	100%	Investment holding
Burwill HK Portfolio Limited	The British Virgin Islands; limited liability company	US$2	100%	Investment holding
Burwill Network Investment Limited	Hong Kong; limited liability company	HK$1	100%	Investment holding
Indirectly held:				
Burwill Commercial Holdings Limited	Hong Kong; limited liability company	HK$1	100%	Investment holding
Burwill Cobalt Company Limited	Hong Kong; limited liability company	HK$1	100%	Metal trading
Burwill Lithium Company Limited	Hong Kong; limited liability company	HK$1	100%	Concentrate procurement, lithium carbonate processing and sales
Burwill Resources Limited	Hong Kong; limited liability company	HK$41,000,000	100%	Steel trading
Burwill Resources Europe, S.A.	Spain; limited liability company	EUR62,000	70%	Steel trading
Burwill Warehousing (Shanghai) Limited	Mainland China; limited liability company	US$1,200,000	100%	Steel trading
Century Capital Investment Limited	Hong Kong; limited liability company	HK$1	100%	Investment holding
Ever Century Investments Limited	The British Virgin Islands; limited liability company	US$1	100%	Investment holding
Grand Triumph Global Limited	The British Virgin Islands; limited liability company	US$1	100%	Investment holding

Name	Place of incorporation/ operations and kind of legal entity	Issued and fully paid capital	Percentage of equity interest/ voting capital attributable to the Group as at the date of deconsolidation	Principal activities
Hillot Limited	Hong Kong; limited liability company	HK$500,000	100%	Securities investment
Super Ace Holdings Limited	The British Virgin Islands; limited liability company	US$1	100%	Investment holding
寶威(上海)金屬貿易有限公司	Mainland China; limited liability company	HK$10,000,000	100%	Steel trading

Note:

The Group's interests in the above Deconsolidated Subsidiaries were deconsolidated with effect from 1 July 2019 due to the deconsolidation of the Derecognised Subsidiaries (see note 2 to the consolidated financial statements).

10. INVESTMENT IN AN ASSOCIATE

The amounts recognised in the consolidated balance sheet are as follows:

	2020 HK$'000	2019 HK$'000
At 31 December	**72,836**	68,617

The amounts recognised in the consolidated income statement are as follows:

	2020 HK$'000	2019 HK$'000
For the year ended 31 December	**4,658**	2,504

Set out below is the associate of the Group as at 31 December 2019 and 2020 which, in the opinion of the directors, is material to the Group. The entity listed below has share capital consisting solely of ordinary shares, which are held indirectly by the Group. The proportion of ownership interest is the same as the proportion of voting rights held.

Nature of investment in an associate as at 31 December 2019 and 2020:

Name	Place of business	Country of incorporation	Percentage of ownership interest 2020	Percentage of ownership interest 2019	Nature of relationship	Measurement method
Indirectly held:						
馬鋼(揚州)鋼材加工有限公司	Mainland China	Mainland China	**29%**	29%	Notes	Equity method of accounting

Notes:

(a) 馬鋼（揚州）鋼材加工有限公司(“**馬鋼(揚州)**”) is engaged in steel trading in Mainland China.

(b) 馬鋼(揚州) is a private company and there is no quoted market price available for its shares.

(c) The Group’s share of profits of associates for the year ended 31 December 2019 of approximately HK$2,504,000 included the Group’s share of the profits of 馬鋼(揚州) of approximately HK$3,094,000 for the year ended 31 December 2019.

(d) In the latter part of 2020, the Provisional Liquidators learned more details about the legal proceeding in relation to 馬鋼(揚州), a 29% owned associate of the Group.

Based on available information, it appeared that back on 30 August 2019, Yichun Yinli New Energy Co., Ltd. (宜春銀鋰新能源有限責任公司) (“**Yichun**”), Burwill (China) Limited (an indirect wholly-owned subsidiary of the Company and one of the principal consolidated subsidiaries of the Group), and Jiangxi Bao Jiang Lithium Industrial Limited (江西寶江鋰業有限公司) (“**Jiangxi Bao Jiang**”) (one of the Derecognised Associates of the Group) purportedly entered into a share pledge and guarantee agreement, by which shares of 馬鋼(揚州) held by Burwill (China) Limited were charged to Yichun (the “**Share Charge**”). The Provisional Liquidators were also made aware that on the same day, the Company’s wholly owned subsidiary, Burwill Steel Holdings Limited (one of the principal consolidated subsidiaries of the Group) and Bangkok Bank entered into a share charge agreement, by which shares of Burwill (China) Limited held by Burwill Steel Holdings Limited were charged to Bangkok Bank as security for credit facilities granted by Bangkok Bank to Burwill Resources Limited (one of the principal Deconsolidated Subsidiaries).

Yichun subsequently commenced a legal proceeding in the PRC to enforce its rights under the share charge on the shares of 馬鋼(揚州). Since 馬鋼(揚州) has a considerable value of assets attributable to the Company, the Provisional Liquidators have approached a PRC lawyer in December 2020 to participate in the legal proceedings of the litigation. Subsequent to the end of the reporting period, on 19 March 2021, the case was heard in the Yichun Intermediate People’s Court, Jiangxi Province. During the hearing, Yichun provided further supporting documents in relation to the metal trading arrangement with Jiangxi Bao Jiang. As new evidences were being provided, the hearing was further adjourned to be heard on 19 April 2021 to allow sufficient time for the parties to inspect and consider the new documents. The litigation is currently still ongoing and further updates would be provided when available.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the interests in associates of the Group, amounts due from/to associates and Derecognised Associates as of the date of publication of these consolidated financial statements.

11. INVESTMENTS IN JOINT VENTURES

The amounts recognised in the consolidated balance sheet are as follows:

	2020	2019
	HK$’000	*HK$’000*
At 31 December	**–**	–

The amounts recognised in the consolidated income statement are as follows:

	2020	2019
	HK$’000	*HK$’000*
For the year ended 31 December	**–**	(11,985)

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the interests in joint ventures of the Group and amounts due from/to joint ventures as of the date of publication of these consolidated financial statements.

12. FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
	HK$'000	*HK$'000*
Carrying amount		
Financial assets as per consolidated balance sheet		
Financial assets at amortised cost:		
– Bills and accounts receivable	**8,242**	–
– Deposits	**43**	–
– Cash and bank balances	**1,154**	33
	9,439	33

	2020	2019
	HK$'000	*HK$'000*
Carrying amount		
Financial liabilities as per consolidated balance sheet		
Financial liabilities at amortised cost:		
– Due to Deconsolidated Subsidiaries	**118,550**	118,550
– Due to Derecognised Associates	**4**	4
– Borrowings	**376,635**	376,635
– Other payables and accruals	**20,775**	18,453
	515,964	513,642

The Group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and classification of the financial instruments by category of the Group as of the date of publication of these consolidated financial statements.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprised equity securities which were not held for trading, and which the Group had irrevocably elected at initial recognition to recognise in this category. These were strategic investments and the Group considered this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprised the following individual investments:

	2020	2019
	HK$'000	*HK$'000*
Non-current assets		
Listed equity investment, at fair value, at date of deconsolidation		
– Kazakhstan Potash Corporation Limited ("**KPC**") *(Note)*	**–**	21,484
Deconsolidation of subsidiaries	**–**	(21,484)
	–	–

Note:

These related to approximately 12% equity interest in the ordinary share capital of KPC held by the Group. On disposal of these equity investments, any related balance within the FVOCI reserve would be reclassified to accumulated losses.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the financial assets at fair value through other comprehensive income of the Group as of the date of publication of these consolidated financial statements.

14. INVENTORIES

	2020	2019
	HK$'000	*HK$'000*
Finished goods – steel products held for resale, at date of deconsolidation	**–**	7,792
Deconsolidation of subsidiaries	**–**	(7,792)
	–	–

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the inventories of the Group as of the date of publication of these consolidated financial statements.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

	2020	2019
	HK$'000	*HK$'000*
Current assets		
Financial assets recognised as at fair value through profit or loss:		
Listed equity securities at date of deconsolidation	**–**	78,127
Deconsolidation of subsidiaries	**–**	(78,127)
Market value of listed equity securities	**–**	–

Changes in fair values of financial assets at fair value through profit or loss are recorded in "other expenses, gains and losses" in the consolidated income statement (see note 25).

The fair values of the equity securities were based on their current bid prices in an active market.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the financial assets at fair value through profit or loss of the Group as of the date of publication of these consolidated financial statements.

16. BILLS, ACCOUNTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Bills and accounts receivable		
Gross carrying amount at 31 December 2020		
(2019: at date of deconsolidation)	**8,242**	641,251
Less: Allowance for impairment of accounts receivable	**–**	(4,235)
	8,242	637,016
Deconsolidation of subsidiaries	**–**	(637,016)
Bills and accounts receivable, net *(note (i))*	**8,242**	–
Deposits, prepayments and other receivables		
Gross carrying amount at 31 December 2020		
(2019: at date of deconsolidation)	**63**	433,034
Less: Allowance for impairment of deposits, prepayments and other receivables	**–**	(67,832)
	63	365,202
Deconsolidation of subsidiaries	**–**	(365,202)
Deposits, prepayments and other receivables, net	**63**	–
	8,305	–

Notes:

(i) The following is an aged analysis of bills and accounts receivable net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2020	2019
	HK$'000	*HK$'000*
Within three months	**8,242**	–

(ii) The carrying amounts of the Group's bills and accounts receivable are denominated in the following currencies:

	2020	2019
	HK$'000	*HK$'000*
US$	**8,242**	–

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the bills, accounts and other receivables of the Group as of the date of publication of these consolidated financial statements.

17. CASH AND BANK BALANCES

	2020	2019
	HK$'000	*HK$'000*
Cash at banks and on hand	**1,154**	33

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the cash and bank balances and the underlying cash transactions at the date of publication of these consolidated financial statements.

18. SHARE CAPITAL

	Number of ordinary shares *(thousands)*	**Nominal value** *HK$'000*
Authorised		
At 1 January 2019	6,800,000	680,000
Creation of additional new shares	2,000,000	200,000
At 31 December 2019, 1 January 2020 and 31 December 2020	**8,800,000**	**880,000**
Issued and fully paid		
At 1 January 2019	5,109,623	510,962
Share options exercised	2,000	200
At 31 December 2019, 1 January 2020 and 31 December 2020	**5,111,623**	**511,162**

Note:

At the special general meeting of the Company held on 8 July 2020, the shareholders of the Company approved the resolution for the Proposed Reduction of (i) the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK$0.0999 on each of the issued existing share such that the par value of each issued existing share be reduced from HK$0.10 to HK$0.0001; (ii) the authorised share capital of the Company be reduced from HK$880,000,000 divided into 8,800,000,000 existing shares to HK$880,000 divided into 8,800,000,000 new shares by reducing the par value of each authorised existing share from HK$0.10 to HK$0.0001; and (iii) the credit arising in the books of the Company from the capital reduction and the share premium cancellation be transferred to the contributed surplus account and the Provisional Liquidators or the Directors be and are authorised to use the amount then standing to the credit of the contributed surplus account to eliminate or to set off the accumulated losses of the Company as at the effective date. The implementation of the proposed reduction of authorised and issued share capital and the listing of these new shares are conditional upon: (i) the compliance with the relevant procedures and requirements under the Listing Rules, the Bye-Laws, the Companies Act and all applicable laws to effect the reduction of authorised and issued share capital; and (ii) the Stock Exchange granting the listing of, and the permission to deal in, these new shares, which shall be subject to the Stock Exchange's satisfaction that the Company has fulfilled all resumption conditions the Stock Exchange imposed on the Company and the resumption of trading in the Shares having taken place. As at 31 December 2020 and the date of approved for issuance of the consolidated financial statements, the conditions have not yet been satisfied.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the underlying share capital of the Company as at the date of publication of these consolidated financial statements.

19. SHARE-BASED PAYMENTS

At the annual general meeting of the Company held on 8 June 2011 ("**2011 Option Scheme**") and 7 June 2018 ("**2018 Option Scheme**"), together the "**Share Option Schemes**", shareholders of the Company approved the adoption of the Share Option Schemes. Under the Share Option Schemes, the Company may grant options to employee (whether full-time or part-time), officer, buying agent, selling agent, consultant, sales representative or marketing representative of, or supplier or provider of goods or services to, the Company or any of its subsidiaries, including any executive or non-executive director of the Company or any of its subsidiaries, subject to a maximum of 30% of the issued share capital of the Company from time to time excluding for this purpose shares issued on exercise of options.

The subscription price will be a price determined by the Board and will be at least the highest of: (a) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant (subject to acceptance) of the option, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant (subject to acceptance) of the option; and (c) the nominal value of the shares.

The 2011 Option Scheme was terminated after the adoption of 2018 Option Scheme on 7 June 2018, after which period no further options will be granted or accepted but the provisions of 2011 Option Scheme shall remain in full force and effect in all other respects.

The 2018 Option Scheme shall be valid and effective for a period of ten years commencing from 7 June 2018, after which period no further options will be granted nor accepted but the provisions of 2018 Option Scheme shall remain in full force and effect in all other respects.

Movements in the number of share options outstanding are as follows:

	2020 Options *(thousands)*	2019 Options *(thousands)*
At 1 January	**495,800**	248,400
Granted	**–**	512,800
Exercised	**–**	(2,000)
Lapsed	**–**	(263,400)
At 31 December	**495,800**	495,800

Share options outstanding at the end of the year had the following expiry date and exercise price:

Expiry date	**Exercise price in HK$ per share option**	**Options (thousands) 2020**	2019
2018 Option Scheme			
31 March 2022	**0.140**	**461,800**	461,800
31 May 2022	**0.138**	**34,000**	34,000
		495,800	495,800

The vesting period of the options is from the date of the grant until the commencement of the exercisable period.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the share option outstanding as at 31 December 2019 and 2020 for the Company as of the date of publication of these consolidated financial statements. Specifically, the share options referred to above were granted in 2019, for which the Provisional Liquidators are unable to obtain further details, including the vesting periods and vesting conditions, if any.

20. OTHER RESERVES AND ACCUMULATED LOSSES

	Share premium	**Contributed surplus** *(Note (ii))*	**Capital redemption reserve**	**Translation adjustments**	**Share-based compensation reserve**	**Convertible bonds reserve**	**Accumulated losses**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
At 1 January 2020	**878,123**	**228,004**	**12,037**	**(2,113)**	**35,532**	**14,236**	**(2,121,883)**	**(956,064)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**10,230**	**10,230**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(461)**	**–**	**–**	**–**	**(461)**
At 31 December 2020	**878,123**	**228,004**	**12,037**	**(2,574)**	**35,532**	**14,236**	**(2,111,653)**	**(946,295)**

	Share premium	Capital reserve (Note (i))	Contributed surplus (Note (ii))	Capital redemption reserve	Financial assets at FVOCI reserve	Translation adjustments	Share-based compensation reserve	Convertible bonds reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2019	877,972	–	99,172	12,037	(3,463)	(9,915)	14,904	14,236	(691,187)	313,756
Loss for the year	–	–	–	–	–	–	–	–	(1,289,908)	(1,289,908)
Share of other comprehensive income of associates	–	–	–	–	–	478	–	–	–	478
Exchange differences on translation of foreign operations	–	–	–	–	–	(7,017)	–	–	–	(7,017)
Changes in the fair value of equity investments at fair value through other comprehensive income	–	–	–	–	(117)	–	–	–	–	(117)
Employee share option scheme:										
– value of employee services	–	–	–	–	–	–	21,002	–	–	21,002
– share options exercised	151	–	–	–	–	–	(80)	–	–	71
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	–	–	(294)	–	294	–
Changes in ownership interest in subsidiaries without change of control	–	(8,670)	–	–	–	–	–	–	–	(8,670)
Deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	–	8,670	128,832	–	3,580	14,341	–	–	(141,082)	14,341
At 31 December 2019	878,123	–	228,004	12,037	–	(2,113)	35,532	14,236	(2,121,883)	(956,064)

Notes:

(i) Capital reserve of the Group represents the difference between the considerations paid over the proportionate share of net assets attributable to the acquisition of additional interest in subsidiaries.

(ii) Contributed surplus represents (a) the difference between the nominal amount of the shares issued and the book value of the underlying net assets of subsidiaries acquired; and (b) transfer from share premium account. It can be utilised for issuance of bonus shares or for capital redemption upon repurchase of shares.

Under the Companies Act 1981 of Bermuda, contributed surplus is distributable to shareholders subject to the condition that a company shall not declare or pay a dividend, or make a distribution out of contributed surplus if (a) it is, or would after the payment be, unable to pay its liabilities as they become due, or (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the reserves of the Group and Company as of the date of publication of these consolidated financial statements.

21. DUE TO DECONSOLIDATED SUBSIDIARIES AND DERECOGNISED ASSOCIATES

Due to Deconsolidated Subsidiaries and Derecognised Associates represent the amounts due to Deconsolidated Subsidiaries and Derecognised Associates as a result of the de-consolidation of the Deconsolidated Subsidiaries and derecognition of the Derecognised Associates with effect from 1 July 2019 as described in note 2.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of due to Deconsolidated Subsidiaries and Derecognised Associates of the Group and Company as of the date of publication of these consolidated financial statements.

22. BORROWINGS

	At 31 December	
	2020	2019
	HK$'000	*HK$'000*
Convertible bonds *(Note (i))*	**262,608**	262,608
Notes payables *(Note (ii))*	**114,027**	114,027
Total borrowings	**376,635**	376,635

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2020	2019
	HK$'000	*HK$'000*
US$	**262,608**	262,608
HK$	**114,027**	114,027
	376,635	376,635

As at 31 December 2020, the Group had total borrowings of approximately HK$376,635,000 which were matured and defaulted for repayment (2019: HK$376,635,000).

At 31 December 2020 and 2019, the Group's borrowings were repayable as follows:

	2020	2019
	HK$'000	*HK$'000*
Within one year	**376,635**	376,635

Notes:

(i) Convertible bonds

2017 Convertible Bonds

On 25 September 2017, the Company entered into the subscription agreement dated 25 September 2017 with Haitong International Financial Products (Singapore) Pte. Ltd. in relation to the issue of convertible bonds in the aggregate principal amount of US$20,000,000, carrying an interest of 7%, which is payable semi-annually by the Company (the "**2017 Convertible Bonds**"). The 2017 Convertible Bonds fall due for repayment on 2 October 2019. Upon full conversion of the 2017 Convertible Bonds at the conversion price of HK$0.26 per conversion share (subject to anti-dilutive adjustments), a total of 603,846,000 new ordinary shares of the Company would be issued. The shares would be allotted and issued pursuant to the general mandate granted to the Directors at annual general meeting of the Company held on 30 June 2017. The 2017 Convertible Bonds may be converted into ordinary shares of the Company commencing on 3 June 2018. The liability component of the 2017 Convertible Bonds was calculated using the effective interest rate of 13.9% per annum.

Upon the maturity of the 2017 Convertible Bonds during the year ended 31 December 2019, the Company was unable to repay the outstanding principal and interests. Pursuant to the terms of the subscription agreement, an additional 15% per annum will be charged on the outstanding principal and interests as the default interest. Subsequently, in November 2019, the Provisional Liquidators were appointed. As of the date of approval for issuance of the consolidated financial statements, the 2017 Convertible Bonds remain unpaid.

2018 Convertible Bonds

On 20 March 2018, the Company entered into the subscription agreement dated 20 March 2018 with Tongfang Securities Limited, Haitong International Asset Management (HK) Limited and Mount Everest Fund in relation to the issue of convertible bonds in the aggregate principal amount of US$13,000,000, carrying an interest of 7%, which is payable semi-annually by the Company (the "**2018 Convertible Bonds**"). The conversion period of the 2018 Convertible Bonds ends on the maturity date of 27 September 2019. Upon full conversion of the 2018 Convertible Bonds at the conversion price of HK$0.32 per conversion share (subject to anti-dilutive adjustments), a total of 316,875,000 new ordinary shares of the Company would be issued. The shares would be allotted and issued pursuant to the general mandate granted to the Directors at annual general meeting of the Company held on 30 June 2017. The conversion period of the 2018 Convertible Bonds commenced on 28 July 2019. In the event that the convertible bondholders shall give conversion notice to the Company to exercise the conversion right with respect to any convertible bonds (the "**Relevant Convertible Bonds**"), the Company shall have the rights (the "**Early Redemption Right**") to redeem the Relevant Convertible Bonds by giving a redemption notice (the "**Early Redemption Notice**") to the convertible bondholders within 15 business days from the date of the Conversion Notice at an aggregate price (the "**Early Redemption Amount**") of (i) the outstanding principal amount of the Relevant Convertible Bonds, (ii) all accrued and unpaid interest for the Relevant Convertible Bonds from the issue date up to (and including) the date of the Early Redemption Notice, and (iii) such amount as would result in an internal rate of return of fifteen (15%) per annum on the outstanding principal amount of the Relevant Convertible Bonds at the date of the Redemption Notice. Upon maturity, the Company shall redeem at redemption price determinate the same manner as the Early Redemption Amount. The 2018 Convertible Bonds was hybrid instrument as the conversion option did not meet the definition of an equity instrument.

Upon the maturity of the 2018 Convertible Bonds during the year ended 31 December 2019, the Company was unable to repay the outstanding principal and interests. Pursuant to the terms of the subscription agreement, an additional 15% per annum will be charged on the outstanding principal and interests as the default interest. Subsequently, in November 2019, the Provisional Liquidators were appointed. As of the date of approval for issuance of the consolidated financial statements, the 2018 Convertible bonds remain unpaid.

(ii) Notes payables

On 17 May 2017, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent agreed to act as a placing agent, on a best effort basis, for the purposes of arranging placees for the issue of the notes with an aggregate principal amount of up to HK$200,000,000 in multiple tranches. The placing period was extended to 30 April 2019.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the borrowings as of the date of publication of these consolidated financial statements.

23. CONTRACT LIABILITIES

	2020	2019
	HK$'000	*HK$'000*
Advances for sales of goods, at date of deconsolidation	–	10,388
Deconsolidation of subsidiaries	–	(10,388)
	–	–

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the contract liabilities as of the date of publication of these consolidated financial statements.

24. DEFERRED INCOME TAX

The movements on the deferred income tax account are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	–	14,202
Currency translation differences	–	(29)
Consolidated income statement credit	–	1,061
At date of deconsolidation	–	15,234
Deconsolidation of subsidiaries	–	(15,234)
At 31 December	–	–

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. Tax losses can be carried forward to offset future taxable income.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5-10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the completeness, existence, rights and obligations, and valuation of the deferred tax assets/liabilities of the Group as of the date of publication of these consolidated financial statements.

25. OTHER EXPENSES, GAINS AND LOSSES

	2020	2019
	HK$'000	*HK$'000*
Fair value losses on:		
– financial assets at fair value through profit or loss	**–**	(55,100)
Interest income on:		
– bank deposits	**–**	37
– other receivables	**–**	79
– due from associates	**–**	1,170
Unidentifiable payments *(Note)*	**–**	(7,589)
Others	**–**	2,355
	–	(59,048)

Note: Unidentifiable payments represent those bank payments which purposes or nature could not be ascertained due to loss of accounting records as disclosed in note 2.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of other expenses, gains and losses of the Group as of the date of publication of these consolidated financial statements.

26. EXPENSES BY NATURE

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

	2020	2019
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**4**	551
Depreciation of right-of-use assets	**–**	4,451
Short term lease rental expenses	**121**	526
Employee benefit expense (including directors' emoluments) *(Note 27)*	**1,649**	21,321
Net exchange losses/(gains)	**87**	(2,856)
Auditors' remuneration	**600**	1,100

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the expenses by nature of the Group as of the date of publication of these consolidated financial statements.

27. EMPLOYEE BENEFIT EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Wages and salaries and other termination benefit	**1,612**	319
Share options granted to directors and employees	**–**	21,002
Pension costs – defined contribution plans *(Note (i))*	**37**	–
	1,649	21,321

Notes:

(i) Pensions – defined contribution plans

The Group has arranged for its Hong Kong employees to participate in a defined contribution retirement scheme (the "**Original Scheme**"), which is managed by independently administered funds. The Group's monthly contributions are based on 5% of employees' monthly salaries. The employees are entitled to receive 100% of the Group's contribution and the accrued interest thereon upon retirement or leaving the Group after completing ten years of service or at a reduced scale of 30% to 90% after completing three to nine years of services.

For the Hong Kong employees employed after 1 December 2000, the Group has arranged for these employees to join the Mandatory Provident Fund Scheme (the "**MPF Scheme**"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. From 1 June 2014, both the employer's and the employees' contributions are subject to a maximum of HK$1,500 per month per employee.

As stipulated by the rules and regulations in Mainland China, the Group contributes to state-sponsored retirement plans for its employees in Mainland China. The Group contributes to retirement plans at rates of approximately 14% to 22% of the basic salaries of its employees in Mainland China, and has no further obligations for the actual payment of pensions or post-retirement benefits. The state-sponsored retirement plans are responsible for the entire pension obligations payable to retired employees.

(ii) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2020 is set out below:

Name of director	**Fees**	**Salaries, allowances and benefits**	**Discretionary bonuses**	**Employer's contribution to pension scheme**	**Employee share option benefit**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Non-executive directors						
Mr. HUANG Shenglan	**240**	**–**	**–**	**–**	**–**	**240**
Independent non-executive directors						
Mr. CHAN Kai Nang *(Note (i))*	**71**	**–**	**–**	**–**	**–**	**71**
Mr. WONG Wai Keung, Frederick *(Note (i))*	**71**	**–**	**–**	**–**	**–**	**71**
	382	**–**	**–**	**–**	**–**	**382**

The remuneration of every director and the chief executive for the year ended 31 December 2019 is set out below:

Name of director	Fees *HK$'000*	Salaries, allowances and benefits *HK$'000*	Discretionary bonuses *HK$'000*	Employer's contribution to pension scheme *HK$'000*	Employee share option benefit *HK$'000*	Total *HK$'000*
Executive directors						
Mr. CHAN Shing *(Note (a) and (b))*	–	–	–	–	–	–
Mr. SIT Hoi Tung *(Note (c))*	–	–	–	–	–	–
Mr. KWOK Wai Lam *(Note (d))*	–	–	–	–	–	–
Mr. SHAM Kai Man *(Note (e))*	–	–	–	–	–	–
Mr. NG Man Fai, Matthew *(Note (f))*	–	–	–	–	–	–
Non-executive directors						
Mr. HUANG Shenglan	319	–	–	–	–	319
Independent non-executive directors						
Mr. CUI Shu Ming *(Note (g))*	–	–	–	–	–	–
Mr. TSANG Kwok Wa *(Note (d))*	–	–	–	–	–	–
Mr. CHEUNG Sing Din *(Note (h))*	–	–	–	–	–	–
	319	–	–	–	–	319

Notes:

(a) The chief executive of the Company was Mr. CHAN Shing, who was also one of the executive directors of the Company.

(b) Resigned on 22 November 2019.

(c) Resigned on 5 November 2019.

(d) Resigned on 23 August 2019.

(e) Resigned on 11 November 2019.

(f) Appointed on 23 August 2019 and resigned on 20 November 2019.

(g) Resigned on 18 October 2019.

(h) Resigned on 22 August 2019.

(i) Appointed on 14 September 2020.

(iii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2020 included one director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid individuals for the year ended 31 December 2020 are as follows:

	2020
	HK$'000
Salaries, allowance and benefits	**1,230**
Employer's contributions to pension scheme	**37**
	1,267

The Provisional Liquidators do not have information on the emoluments paid or payable to the five highest paid individuals in the Group for the year ended 31 December 2019 due to lack of access to complete books and records as disclosed in note 2 to the consolidated financial statements.

For the year ended 31 December 2020, no payments had been made by the Group to the directors or the highest paid individuals in respect of inducement to join or compensation for loss of office, and no directors or the highest paid individuals waived any of the emoluments.

The emoluments fell within the following bands:

	Number of individuals 2020
Emolument bands (in HK dollar)	
Nil – HK$500,000	**4**

(iv) The Provisional Liquidators did not have information on the employee costs charged to the consolidated income statement for the year ended 31 December 2019. Hence no details of employee benefit expenses, including details of the directors' emoluments and the emoluments of the five highest paid individuals in the Group, could be provided in the consolidated financial statements in respect of the year ended 31 December 2019. The employee benefit expenses disclosed in note 26, note 35 and in this note 27 include only the director's emoluments of Mr. HUANG Shenglan, the non-executive director of the Company and share option expense which were charged to the consolidated income statement for the year ended 31 December 2019.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the employee benefit expense of the Group as of the date of publication of these consolidated financial statements.

28. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on:		
– bank borrowings	–	5,181
– finance lease liabilities	–	123
– convertible bonds	–	17,757
– notes payables	–	7,515
– other loans	**104**	4,906
	104	35,482

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the finance costs of the Group as of the date of publication of these consolidated financial statements.

29. INCOME TAX EXPENSE/(CREDIT)

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries established in the British Virgin Islands are exempted from British Virgin Islands income taxes. Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax of 25% for the year ended 31 December 2019 on their taxable income determined according to Mainland China tax laws. Taxation on other overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

(i) Income tax expense/(credit)

	2020 HK$'000	2019 HK$'000
Current tax:		
Current tax on profits for the year		
– Hong Kong taxation	**1,568**	–
Deferred tax:		
Origination and reversal of temporary differences	–	(1,061)
Income tax expense/(credit)	**1,568**	(1,061)

(ii) Numerical reconciliation of income tax expense to prima facie tax payable for the year ended 31 December 2020

	2020 HK$'000
Profit before income tax expense	**11,798**
Tax at Hong Kong tax rate of 16.5%	**1,947**
Income not subject to taxation	**(769)**
Expenses not deductible for taxation purposes	**42**
Tax losses for which no deferred income tax assets was recognised	**348**
Income tax expense	**1,568**

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the income tax expense/(credit) of the Group as of the date of publication of these consolidated financial statements.

30. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit/(Loss) for the year attributable to owners of the Company *(HK$' 000)*	**10,230**	(1,289,908)
Weighted average number of ordinary shares in issue *(thousands)*	**5,111,623**	5,111,129
Basic and diluted earnings/(loss) per share *(HK cents)*	**0.20**	(25.24)

The outstanding share options and convertible bonds during the year ended 31 December 2019 had an anti-dilutive effect on the basic loss per share. The outstanding share options during the year ended 31 December 2020 have an anti-dilutive effect on the basic earnings per share.

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of earnings/(loss) per share as of the date of publication of these consolidated financial statements.

31. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the disclosure of dividends as of the date of publication of these consolidated financial statements.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash generated from operations

	2020	2019
	HK$'000	*HK$'000*
Profit/(Loss) for the year	**10,230**	(1,289,908)
Adjustments for:		
– Tax	**1,568**	(1,061)
– Depreciation of property, plant and equipment	**4**	551
– Depreciation of right-of-use assets	**–**	4,451
– Share option expense	**–**	21,002
– Fair value losses on financial assets at fair value through profit or loss	**–**	55,100
– Interest income	**–**	(1,286)
– Finance costs	**104**	35,482
– Share of profits of associates	**(4,658)**	(2,504)
– Share of losses of joint ventures	**–**	11,985
– Net impairment losses on financial assets	**–**	140,993
– Loss on deconsolidation and derecognition of Deconsolidated Subsidiaries and Derecognised Associates	**–**	990,693
– Effect of foreign exchange rate changes	**(22)**	(4,312)
	7,226	(38,814)
Changes in working capital:		
– Inventories	**–**	78,232
– Bills and accounts receivable	**(8,242)**	62,446
– Contract liabilities	**–**	(21,791)
– Deposits, prepayments and other receivables	**(63)**	(7,883)
– Due from associates	**–**	30,668
– Bills and accounts payable	**–**	(72,674)
– Other payables and accruals	**2,322**	2,413
– Due to associates	**–**	17,043
Cash generated from operations	**1,243**	49,640

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the notes to the consolidated statement of cash flows of the Group as of the date of publication of these consolidated financial statements.

33. LITIGATIONS

(i) Legal Proceedings in Hong Kong in relation to BCHL

On 4 November 2016, Burwill Commercial Holdings Limited ("**BCHL**"), a wholly-owned subsidiary of the Company and one of the Deconsolidated Subsidiaries, as plaintiff issued a writ of summons in the High Court of Hong Kong against Charm Best Investments Inc. ("**Charm Best**") and Mr. IP Kwok Kin ("**Mr. IP**") as defendants ("**HCA 2895/2016**").

BCHL made the claim for, *inter alia*, the declaration that BCHL validly exercised its rights under the deed of share charge dated 13 September 2016 (the "**Deed**"). BCHL's position is that it has exercised its rights under the Deed to, *inter alia*, take over the 55% charged shares in China Land Assets Limited (the "**Charged Shares**") on 14 October 2016. As a result, Charm Best was no longer the shareholder of China Land Assets Limited ("**CLA**") and Mr. IP was no longer a director of CLA. The Charged Shares have been transferred to the Group's wholly-owned subsidiary, Double Honour Enterprises Limited, which holds the Charged Shares on trust as a nominee.

A Statement of Claim (the "**Claim**") under the action of HCA 2895/2016 was filed by BCHL on 13 February 2017 which was subsequently amended and filed on 9 March 2017.

On 23 May 2017, Mr. IP and Charm Best issued a defence and counterclaim in the High Court against BCHL and CLA under HCA 2895/2016. BCHL as plaintiff (by original action) had filed and served the Reply and Defence to Counterclaim on 17 July 2017.

On 18 November 2016, Mr. IP and Charm Best issued a writ of summons in the High Court against, *inter alia*, BCHL and CLA ("**HCA 3015/2016**"). On 4 January 2017, the Court queried the need for the plaintiffs in HCA 3015/2016 (Mr. IP and Charm Best), to issue such legal action and then on 6 February 2017, the Court directed the plaintiffs in HCA 3015/2016 to proceed by way of a counterclaim under HCA 2895/2016.

At the date of approval for issuance of the consolidated financial statements, the date of trial of HCA 2895/2016 has not been fixed and there are no further updates for the case.

(ii) Legal proceeding in the PRC in relation to 萊陽泰鑫礦業有限公司 and 青島泰鑫礦業有限公司

The Company has been provided with a writ dated 16 June 2015 (the "**Writ**") filed with the Shandong Province Yantai City Intermediate People's Court of the People's Republic of China (the "**PRC**") under which an individual ("**Plaintiff**") alleged that he is the beneficial owner of 50% of the equity interest in 萊陽泰鑫礦業有限公司 (the "**Allegation**") and that 青島泰鑫礦業有限公司 holds such 50% equity interest in 萊陽泰鑫礦業有限公司 (the "**萊陽泰鑫 50% Equity Interest**") as nominee for the Plaintiff. In the Writ, 萊陽泰鑫礦業有限公司 has been named as defendant. In the interim, as a result of the Allegation, the Shandong Province Yantai City Intermediate People's Court of the PRC had imposed a freezing order in respect of 35% equity interest in 萊陽泰鑫礦業有限公司 held by 青島泰鑫礦業有限公司 (the "**Freezing Order**"). The frozen equity interest was restricted from transfer or pledge during the existence of the Freezing Order but the operations of 萊陽泰鑫礦業有限公司 will not be hindered by the imposition of the Freezing Order. The trial of the Allegation was held in August 2016 that the Plaintiff lost a lawsuit and the judgement was received in the early 2017 that 萊陽泰鑫礦業有限公司 was not liable to any claim and the Plaintiff alleged that he owned 萊陽泰鑫 50% Equity Interest was not in fact. The Plaintiff served a notice of appeal to the judgement. The trial of the final appeal was held in December 2017 and it was judged that the Plaintiff should have 0.67% of the equity interest in 萊陽泰鑫礦業有限公司.

On 15 May 2018, the Company sold the entire issued shares of Smart Task Limited to Zaozhuang Dongya Enterprise Company Limited (棗莊東亞實業有限公司). All matters of Allegation remained unchanged on or before 15 May 2018 and there was no further information to be provided after the disposal.

(iii) Other litigations

Since appointment of the Provisional Liquidators to date, and based on limited available information, the following three legal proceedings have come to their attention:

(a) In October 2019, the Company has been involved in a litigation in Singapore in the capacity of a corporate guarantor in relation to an outstanding loan facility provided by Haitong International Financial Products (Singapore) Pte Ltd, to Burwill Lithium Company Limited (one of the principal Deconsolidated Subsidiaries). It was subsequently advised that the proceeding concluded with a summary judgement obtained against the Company and Burwill Lithium Company Limited on or around February 2020. However, the Provisional Liquidators did not have further details about the judgement.

(b) In the later part of 2020, the Provisional Liquidators learned more details about a legal proceeding in relation to the Group's interests in an associate, details of which are disclosed in note 10(d) to the consolidated financial statements.

(c) On 8 July 2020, a winding-up hearing was held before the High Court in relation to a claim presented by a former employee against Burwill Properties Limited ("**Burwill Properties**") (one of the principal Deconsolidated Subsidiaries).

Based on information available to the Provisional Liquidators, the Provisional Liquidators noted that on 17 July 2020 the High Court has ordered that (i) Burwill Properties be wound up; and (ii) Messrs. Huen Ho Yin and Huen Yuen Fun of Huen & Partners Solicitors be appointed as the joint and several provisional liquidators of Burwill Properties.

34. COMMITMENTS AND CONTINGENT LIABILITIES

Lease and other commitments – where the Group is the lessee

At 31 December 2020, the Group had future aggregate minimum lease payments under non-cancellable leases as follows:

	2020 ***HK$'000***
Not later than one year	**120**

At 31 December 2020, the Company acts as the guarantor for loans borrowed by its Deconsolidated Subsidiaries and the amounts arising from the corporate guarantees are approximately HK$183,144,000 (2019: HK$183,144,000).

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the commitments and contingent liabilities of the Group as of the date of publication of these consolidated financial statements.

35. RELATED PARTY TRANSACTIONS

Saved as disclosed elsewhere in these consolidated financial statements, the Group had the following material related party transactions for the year ended 31 December 2020:

(i) Related party transactions which were carried out in the normal course of the Group's business are as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Interest income from associates	**–**	1,170

(ii) Compensation of key management personnel

	2020 ***HK$'000***	2019 *HK$'000*
Wages and salaries	**382**	319

As disclosed in note 2, on the basis of the lack of complete books and records of the Group, no representation is made by the Provisional Liquidators and the Directors as to the accuracy, completeness, occurrence, cut-off and classification of the related party transactions of the Group as of the date of publication of these consolidated financial statements.

36. EVENTS AFTER REPORTING PERIOD

(i) On 18 February 2021, (i) a side letter in respect of certain amendments to the Restructuring Agreement and a subscription agreement in respect of the subscription of new Shares by the Investor have been entered into among the Company, the Provisional Liquidators and the Investor; and (ii) a debt settlement agreement in respect of certain secured debts owed by the companies of the Group (including Deconsolidated Subsidiaries and Derecognised Associates) to a secured creditor of the Group has been entered into among the Company, the Provisional Liquidators and the relevant secured creditor. As at the date of approval for issuance of the consolidated financial statements, the condition precedents in these agreements have not been fulfilled, hence these agreements are not effective.

(ii) The Company filed originating summons to convene creditors' meetings regarding the scheme of arrangement in respect of the Company under Part 13 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "**HK Scheme**") and the scheme of arrangement in respect of the Company under Part VII of the Companies Act 1981 as applicable in Bermuda (the "**Bermuda Scheme**") with the High Court and the Supreme Court of Bermuda (the "**Bermuda Court**") on 25 February 2021 and 1 March 2021 respectively.

(iii) Subsequently, hearings of the Originating Summons were held on 2 March 2021 (for the High Court) and 5 March 2021 (for the Bermuda Court), pursuant to which, the tentative dates for (i) the Scheme Meetings are 15 April 2021 for both the HK Scheme and the Bermuda Scheme; and (ii) the High Court hearing and Bermuda Court hearing for the sanction of the HK Scheme and Bermuda Scheme are 6 May 2021 and 7 May 2021 respectively.

(iv) On 26 March 2021, the Company received a letter from the Stock Exchange stating that the Listing Committee of the Stock Exchange has decided to cancel the Company's listing under Rule 6.01A of the Listing Rules as the Company failed to satisfy all the resumption conditions by 18 February 2021 since the suspension of trading in the shares of the Company on 19 August 2019. The Company is considering the Delisting Decision and will seek appropriate advice from its professional advisers on the same.

37. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company as at 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Investments in subsidiaries	**100**	–
Club debentures	**90**	90
Total non-current assets	**190**	90
Current assets		
Due from subsidiaries	**32**	32
Cash and bank balances	**23**	23
Total current assets	**55**	55
Total assets	**245**	145
EQUITY		
Equity attributable to owners of the Company		
Share capital	**511,162**	511,162
Other reserves *(Note)*	**1,167,932**	1,167,932
Accumulated losses *(Note)*	**(2,086,991)**	(2,084,884)
Capital deficiency	**(407,897)**	(405,790)
LIABILITIES		
Current liabilities		
Due to Deconsolidated Subsidiaries	**11,106**	11,106
Due to Derecognised Associates	**4**	4
Due to a subsidiary	**100**	–
Other payables and accruals	**20,297**	18,190
Borrowings	**376,635**	376,635
Total current liabilities	**408,142**	405,935
Total liabilities	**408,142**	405,935
Total equity and liabilities	**245**	145
Net current liabilities	**(408,087)**	(405,880)
Total assets less current liabilities	**(407,897)**	(405,790)

The balance sheet of the Company was approved by the Board of Directors on 30 March 2021 and were signed on its behalf by:

Wong Wai Keung Frederick	**Chan Kai Nang**
Director	*Director*

Note: Reserves movement of the Company

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Capital redemption reserve *HK$'000*	Share-based compensation reserve *HK$'000*	Convertible bonds reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2019	877,972	228,004	12,037	14,904	14,236	(842,145)	305,008
Loss for the year	–	–	–	–	–	(1,243,033)	(1,243,033)
Employee share option scheme:							
– value of employee services	–	–	–	21,002	–	–	21,002
– share options exercised	151	–	–	(80)	–	–	71
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	(294)	–	294	–
At 31 December 2019	878,123	228,004	12,037	35,532	14,236	(2,084,884)	(916,952)
At 1 January 2020	**878,123**	**228,004**	**12,037**	**35,532**	**14,236**	**(2,084,884)**	**(916,952)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(2,107)**	**(2,107)**
At 31 December 2020	**878,123**	**228,004**	**12,037**	**35,532**	**14,236**	**(2,086,991)**	**(919,059)**

FIVE YEARS' FINANCIAL SUMMARY

The summarised consolidated results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Group, were set out below:

	Year ended 31 December				
	2020	2019	2018	2017 (restated)	2016 (restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**412,093**	934,402	2,305,467	2,491,789	2,647,915
Profit/(loss) before taxation	**11,798**	(1,290,969)	(201,643)	(53,765)	(203,435)
Income tax (expense)/credit	**(1,568)**	1,061	(2,570)	1,188	(7,154)
Profit/(loss) for the year	**10,230**	(1,289,908)	(109,762)	(14,877)	(214,364)
Attributable to:					
– Owners of the Company	**10,230**	(1,289,908)	(109,496)	(7,715)	(207,896)
– Non-controlling interests	**–**	–	(266)	(7,162)	(6,468)
	10,230	(1,289,908)	(109,762)	(14,877)	(214,364)
ASSETS AND LIABILITIES					
Total assets	**82,399**	68,740	1,818,628	1,792,733	1,714,014
Total liabilities	**517,532**	513,642	1,002,580	840,927	780,674
Non-controlling interests	**–**	–	(8,670)	(35,646)	(27,827)
Shareholders' funds attributable to owners of the Company	**(435,133)**	(444,902)	824,718	987,452	961,167