M-Resources Group Limited
脈資資源集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 08186)

2020
Annual Report

CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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

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This report, for which the board (the "Board") of directors (the "Directors") of M-Resources Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there is no other matter the omission of which would make any statement in this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Director

HE Xuemei *(Chairperson)*

Independent Non-Executive Directors

PANG King Sze, Rufina
HONG Bingxian
HUANG Zhe

AUDIT COMMITTEE

PANG King Sze, Rufina *(Chairperson)*
HONG Bingxian
HUANG Zhe

NOMINATION COMMITTEE

PANG King Sze, Rufina *(Chairperson)*
HE Xuemei
HONG Bingxian

REMUNERATION COMMITTEE

PANG King Sze, Rufina *(Chairperson)*
HE Xuemei
HONG Bingxian

COMPLIANCE OFFICER

HE Xuemei

COMPANY SECRETARY

LEUNG Ka Ho

INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISERS

Robertsons Solicitors

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11/F., China United Plaza
1008 Tai Nan West Street
Lai Chi Kok, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Services (Bermuda) Limited
Victoria Place, 5th Floor, 31 Victoria Street
Hamilton HM 10, Bermuda

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Ltd.
17th Floor, Hopewell Centre
183 Queen's Road East, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Bank of East Asia Limited

STOCK CODE

08186

WEBSITE ADDRESS

www.m-resources.com.hk

Chairperson's Statement

Dear Shareholders,

Year 2020 was an extremely challenging year for all businesses around the world. The global spread of the COVID-19 pandemic and the resulted imposition of government control measures since early 2020 have caused severe disruption to the business activities globally and locally. The trade policy uncertainty, the geopolitical tension and the protectionist sentiments also added volatility to the worldwide economy. The Group, in response to such an unprecedentedly adverse business environment, during 2020, underwent a business restructuring to, on one hand, discontinue certain loss making business units and broaden its product offerings and customer base and, on the other hand, implemented cost-saving measures. As a result, the Group's streamlined business segment recorded consolidated revenue of HK$21.2 million and the loss attributable to the owners of the Company was substantially narrowed down to HK$7.7 million for the year.

In May 2021, a creditor of the Company filed a winding-up petition against the Company to the High Court of Hong Kong which has triggered cross defaults of all other debts of the Company and adversely affected the ordinary course of business operation of the Group. The Company promptly responded to the debt crisis and made strenuous efforts to pursue a debt restructuring by way of a scheme of arrangement with a view to restoring its financial position to normality. As at the date of this report, I am pleased to report that the majority of the Company's creditors have given their support to the proposed debt restructuring.

Looking forward, the Group will, while staying alert of the development of the COVID-19 pandemic, continue to develop its businesses and seize appropriate business opportunities to expand its source of income.

I would like to take this opportunity to thank our fellow directors and staff for their support and commitment, particularly in this trying time for the world and the Group. I, on behalf of the Board, would also like to express our gratitude for the support and trust of our shareholders, creditors and business partners.

He Xuemei
Chairperson

Hong Kong, 31 January 2022

Management Discussion and Analysis

FINANCIAL PERFORMANCE

Revenue

The Group recorded revenue of HK$21.2 million for the year ended 31 December 2020 (2019: HK$30.6 million).

Loss for the Year

For the year ended 31 December 2020, the Group recorded consolidated loss and consolidated loss attributable to the owners of the Company from continuing operations of HK$18.7 million (2019: HK$18.6 million) and HK$7.7 million (2019: HK$17.6 million) respectively. The decrease in consolidated loss attributable to the owners of the Company from continuing operation was mainly due to the Group's cost-savings measures to reduce administrative expenses.

BUSINESS REVIEW

The Group, in response to the impact of the COVID-19 pandemic on different product mixes, market segments and geographical locations to different extents, has since early 2020, leveraging on its resources and industrial connections established from the forestry and agricultural business in the sale of household products, widened its product offerings in household and plantation products and extended its customer base. On the other hand, given the unprecedented disruptive impact and the unpredictable duration of the COVID-19 pandemic on the business activities (particularly the logistics and supply chain) worldwide, the Group adopted a prudent approach and reviewed its business portfolio during the year. In consideration of the minimal assets and operations over the years and the prolonged net liabilities position and loss-making situation of the business in Cambodia as well as the volatile government policies and adverse business environment, the Group underwent a restructuring in 2020 and disposed of the subsidiaries engaged in the forestry business in Cambodia (the "Cambodian Subgroup"). Given that the operation of the Cambodian Subgroup was situated in Cambodia while the extended operation of the forestry and agricultural business operated outside Cambodia, the disposal of the Cambodian Subgroup was treated as a discontinued operation under the disclosure requirements of HKFRS 5 "Non-Current Assets held for Sale and Discontinued Operations" and the Cambodian Subgroup is therefore disclosed as a discontinued operation under the "Forestry and Agricultural" business segment in the Group's financial results for the year. Although the sale of household and plantation products remained as continuing operation and was under the forestry and agricultural business segment, this business segment was renamed "Plantation and Household" so as to differentiate from the discontinued business segment of the Cambodian Subgroup. In addition, following cessation of the securities and brokerage business under the financial services business and surrendering of all business licences granted by the Securities and Futures Commission in 2019, the Group, in 2020, disposed of the subsidiaries (the "Securities Subgroup") previously engaged in the securities and brokerage business. Going forward, the Group will focus its resources on the development of the Plantation and Household Business and the Financial Services Business.

Management Discussion and Analysis

EVENTS AFTER THE REPORTING PERIOD AND LITIGATION

In January 2021, the Company cancelled 20.76 million ordinary shares of the Company ("Shares") held under its share award scheme.

In February 2021, the Company completed consolidation of 8 existing Shares of HK$0.01 each into 1 consolidated Share of HK$0.08. As a result, the Company had 15,585,331 issued Shares as at the date of this report.

In April 2021, the Company announced that its English and Chinese names have been changed from "IR Resources Limited" and "同仁資源有限公司" to "M-Resources Group Limited" and "脈資資源集團有限公司" respectively.

In June 2021, the Company received a winding-up petition from a creditor for failure to settle a loan (together with unpaid interest and costs) of approximately HK$9,397,000. The petition has triggered cross defaults of all other debts of the Company and adversely affected the ordinary course of business operations of the Group, which, together with the Group's consolidated net liabilities of HK$42.0 million as at 31 December 2020, have resulted in a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Company promptly responded to the debt crisis and made strenuous efforts to pursue a debt restructuring by way of a scheme of arrangement ("Scheme") with a view to restoring its financial position to normality. As at the date of this report, the Company had solicited support from creditors of not less than 75% in value and not less than 50% in number to participate in the Scheme. Pursuant to an arrangement with the High Court of Hong Kong, the scheme document will be submitted to the court in the first quarter of 2022 for application for leave to convene a creditors meeting. Upon the creditors' approval at the creditors meeting, the Scheme will become effective after sanctioning by the court. On the other hand, the court has adjourned the hearing of the winding-up petition pending resumption of trading on the Shares in the Stock Exchange and progress of the Scheme.

On 31 January 2022, the Company announced that trading in the Shares on the Stock Exchange would resume on 4 February 2022.

PROSPECTS

Looking ahead, the challenges arising from the combined effect of the continuing Sino-United States conflict, the drastic changes in the business environment and disruption of global and regional supply chains in the midst of the pandemic as well as the worldwide interest and inflation hikes will continue to adversely impact on the global and local economy including the Group's business operations.

Admittedly, this is a very difficult period for all but the Company is confident that it will be able to survive all these challenges. The support from majority of the creditors strongly indicated that the creditors intend to rescue the Company and are confident in the prospects of the Company as evidenced by their agreement to participate in the Scheme to become shareholders of the Company. The Directors believe that the Scheme would benefit all of the stakeholders of the Company including the shareholders (particularly the public shareholders), the creditors and the employees and are confident that after the Scheme is successfully implemented, the Company's financial position will be restored to normality and its businesses will progress steadily with good prospects.

As part of the Group's restructuring to streamline its business portfolio, the Group disposed of its non-core subsidiaries including the Cambodian Subgroup and the Securities Subgroup. As the present auditor of the Company was appointed only in May 2021, the new owners of the Cambodian Subgroup and the Securities Subgroup had already taken possession of the relevant books and records and those maintained by the Company were not sufficient for the auditor to ascertain the carrying amounts and the results of such disposed subgroups. As a result, the auditor has disclaimed an opinion on the consolidated financial statements of the Group due to the limitation of scope of work on the carrying amount and the income and expenses of the disposed subgroups, and the consequential gain or loss on such disposal. However, based on the best of the Company's knowledge and understanding from the auditor, except for the comparative figures for the year ended 31 December 2020 to be included in the consolidated statement of profit and loss and the consolidated statement of comprehensive income for the year ended 31 December 2021, the disclaimer of opinion for the current financial year will not have impact on the Group's consolidated financial statements for the year ended 31 December 2021.

Management Discussion and Analysis

FINANCIAL RESOURCES, BORROWINGS AND LIQUIDITY

During the year ended 31 December 2020, the Group's net cash generated from operating activities amounted to HK$4.0 million (2019: outflow of HK$29.2 million). Its net cash used in investing activities amounted to HK$0.1 million (2019: HK$3.5 million) and net cash outflow from financing activities amounted to HK$6.6 million (2019: inflow of HK$8.7 million). As a result of the above cumulative effects, the Group recorded a net cash outflow of HK$2.7 million (2019: HK$24.0 million).

As at 31 December 2020, the Group had total assets of HK$19.5 million (2019: HK$74.4 million) and total liabilities of HK$61.5 million (2019: HK$58.0 million) i.e. the Group had net liabilities of HK$42.0 million (2019: net asset of HK$16.4 million) and the net liability value per Share of the Company as at the end of the reporting period amounted to HK$0.3 (2019: net asset value per Share of HK$0.1). As at 31 December 2020, the total borrowings of the Group amounted to HK$44.2 million (2019: HK$25.7 million), comprising borrowing of HK$18.9 million (2019: HK$25.7 million), and a bond of HK$25.3 million (2019: Nil). As at 31 December 2020, the Group's current assets amounted to HK$12.9 million (2019: HK$56.0 million), of which HK$1.6 million (2019: HK$4.2 million) was cash and bank balance and its current liabilities amounted to HK$50.8 million (2019: HK$39.8 million).

CAPITAL STRUCTURE

As at 31 December 2020, the total number of issued shares and the issued share capital of the Company were 145,440,151 (2019: 145,440,151) and HK$1,454,401 (2019: HK$1,454,401) respectively.

FUND RAISING ACTIVITIES

The Group did not complete any equity fund raising activities during the year ended 31 December 2020.

CAPITAL COMMITMENT, SIGNIFICANT INVESTMENT AND MATERIAL ACQUISITION AND DISPOSAL

Capital Commitment

There was no significant capital commitment of the Group outstanding as at 31 December 2020.

Significant Investment and Material Acquisition and Disposal

There was no significant investment and material acquisition during the year ended 31 December 2020. Details of the Group's material disposal during the year ended 31 December 2020 are disclosed in note 41 to the consolidated financial statements of the Group.

Charge on Assets of the Group

As at 31 December 2020, no material asset of the Group had been pledged.

Management Discussion and Analysis

RISKS FACTORS

COVID-19 Pandemic

The World Health Organisation declared the COVID-19 a global health emergency in January 2020. Government authorities of the countries in which the Group operates have implemented various restrictive measures to contain the pandemic and such measures have directly and indirectly affect the operating results and liquidity position of the Group. The Directors will continue to assess the impact of the pandemic on the Group's businesses. Given the uncertainty on the duration of the pandemic which has become a new normal, the Group might experience further negative results and liquidity restraints and incur additional impairments on its assets in 2021 and thereafter.

Price

The prices of the Group's products are subject to a number of factors, including consumer demand, market supply and substitutions available etc. If there is a continuous decline in the prices of the products, the profitability of the Group will be adversely affected.

Competition

The Group's products are competitive and challenging due to pressure from rising production costs, volatile product prices and substitution of products. If the Group fails to respond to changes in market conditions and the market demand of its products, the financial performance of the Group will be adversely affected.

Credit Risk

The Group has a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults of counter-parties. In order to minimise the credit risk of trade receivables, the management of the Group will monitor the Group's exposure to credit risk on an ongoing basis and periodically reviews the customers' settlement patterns. For the year ended 31 December 2020, the Group did not provide for any material expected credit loss on trade receivables (2019: nil).

Biographical Details of Directors

DIRECTORS

Executive Director

Ms. He Xuemei, aged 59, the chairperson of the Board, has over 30 years' experience in the manufacturing and finance industries. Prior to joining the Company, Ms. He had served in management positions of a number of corporations. Throughout her career, Ms. He has focused on the China and overseas markets. She has substantial experience and extensive network in international trading and logistics businesses. Ms. He Xuemei was appointed as an executive Director and chairperson of the Board on 4 May 2020. Ms. He Xuemei is the sister of Ms. He Lamei, a former non-executive Director.

Non-executive Director

Ms. He Lamei, aged 53, has more than 20 years of experience in strategic planning, corporate management and business development. Ms. He holds a bachelor's degree in international finance from Ibaraki University in Japan and a master's degree in business administration from Hong Kong Metropolitan University. Ms. He was appointed as a non-executive Director in April 2020 and resigned on 30 June 2021.

Independent Non-executive Directors

Ms. Pang King Sze, Rufina, aged 47, has more than 20 years of experience in the areas of audit, financial management and internal control. Ms. Pang is the co-founder and a partner of a certified public accountants firm in Hong Kong. Ms. Pang is a member of the Hong Kong Institute of Certified Public Accountants and a member of the New Zealand Institute of Chartered Accountants. Ms. Pang holds a bachelor's degree in business.

Mr. Hong Bingxian, aged 54, has 30 years of experience in production and international trade with substantial knowledge in logistics management and production process. Mr. Hong is the founder and the managing director of a household manufacturing group and an education group in China.

Mr. Huang Zhe, aged 55, has over 30 years of experience in manufacturing, sales and marketing and brand management. He has held managerial positions in a number of entities in the manufacturing industry prior to founding his own business 20 years ago. Mr. Huang is the founder and the managing director of a manufacturing company in China. Mr. Huang was appointed as an independent non-executive Director on 29 April 2020.

Report of the Directors

The Directors are pleased to present this report and the consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its principal subsidiaries are set out in note 38 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by reportable segments and geographical locations during the financial year are set out in note 6 to the consolidated financial statements.

FIVE YEARS SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on pages 121 to 122 of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The largest and five largest customers are attributable to 53.4% and 99.5% of the Group's revenue respectively, and the largest supplier and five largest suppliers are attributable to 83.9% and 100% of its purchases respectively. At no time during the year had the Directors, their associates or any shareholder of the Company (whom to the knowledge of the Directors owning more than 5% of the Shares) hold any beneficial interest in these major customers and suppliers.

BUSINESS REVIEW AND PERFORMANCE

Review of the businesses of the Group and discussion and analysis of the Group's performance (including key performance indicators) during the year ended 31 December 2020 and the material factors underlying its results and financial position are provided in the sub-sections headed "Financial Performance" and "Business Review" on page 5. The outlook of the Group's businesses is discussed in the sub-section headed "Prospects" on page 6. These statements therein form parts of this section.

PRINCIPAL RISKS

The Directors have acknowledged that the Group is exposed to certain risks that could impact on the Group. The Group monitors the risks on an ongoing basis. Details of the risks which the Directors consider significant to the Group are discussed in the sub-section headed "Risk Factors" of this annual report.

Report of the Directors

CONSOLIDATED FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and the state of the Group's (including the Company's) affairs as at that date are set out in the consolidated financial statements on pages 26 to 120 of this report.

RESERVES

Movements in the reserves of the Group are set out on pages 30 and 31 of this report and in note 36 to the consolidated financial statements. As at 31 December 2020, the Company did not have any reserves available for distribution (2019: Nil).

DIVIDEND POLICY AND DIVIDENDS

The Company has adopted a dividend policy which allows it to distribute dividends to shareholders by way of cash or shares. Any distribution of dividends shall be in accordance with the Bye-laws of the Company and the distribution shall be targeted to achieve continuity, stability and sustainability. Recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders of the Company. In proposing any dividend payout, the Board shall also take into account, *inter alia*, the earnings per Share, the reasonable return to the shareholders in order to provide incentives for them to support the long term development of the Group, the financial conditions and business plan of the Group, and the market sentiment and circumstances. The Company reviews the dividend policy from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

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

CHARITABLE DONATIONS

During the year ended 31 December 2020, the Group made charitable contributions totalling HK$114,000 (2019: HK$167,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year ended 31 December 2020 are set out in note 16 to the consolidated financial statements.

BORROWINGS

Particulars of the Group's borrowings as at 31 December 2020 are set out in notes 31 to 33 to the consolidated financial statements.

Report of the Directors

EVENTS AFTER THE REPORTING PERIOD

Details of events after the reporting period are set out in the sub-section headed "Events After the Reporting Period and Litigation" of this report and note 47 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Ms. He Xuemei *(Chairperson)*	*(appointed on 4 May 2020)*
Mr. Chan Ching Hang	*(resigned on 10 September 2020)*

Non-executive Director

Ms. He Lamei	*(appointed on 29 April 2020 and resigned on 30 June 2021)*

Independent Non-executive Directors

Ms. Pang King Sze, Rufina	
Mr. Hong Bingxian	
Mr. Huang Zhe	*(appointed on 29 April 2020)*
Mr. Cheung Yin Keung	*(retired on 30 June 2020)*

Mr. Hong Bingxian shall retire from the Board by rotation at the forthcoming annual general meeting ("AGM"). Mr. Hong is eligible and offer himself for re-election. The biographical details of Mr. Hong is set out on page 9 of this report.

DIRECTORS' SERVICE CONTRACTS

There is no service contract with any Director which is not determinable by the Company within one year without payment of compensation (other than statutory compensation for any Director proposed for re-election at the forthcoming AGM).

DIRECTORS' EMOLUMENT

The remuneration of the executive Directors and non-executive Directors is director's fee which is discussed by the remuneration committee of the Board with reference to the contribution, commitment and responsibilities of such Directors to the Group as well as the prevailing market conditions. Details of the Directors' emoluments for the year ended 31 December 2020 are shown in note 14 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each present independent non-executive Director has confirmed his/her independence pursuant to the GEM Listing Rules. The Board considers all the independent non-executive Directors being independent.

Report of the Directors

DIRECTORS' INTEREST IN CONTRACT

No contract, commitment or agreement of significance in relation to the Company's business, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted as at 31 December 2020 or during the year ended 31 December 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, none of the Directors or chief executive of the Company had interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) that were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or were recorded pursuant to Section 352 of the SFO, or were otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save for a subscription agreement entered into between the Company and Ms. He Lamei, a non-executive Director, during the year (which was terminated in December 2020), at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their respective associates, including spouses or children under eighteen years of age, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

Pursuant to the share option scheme approved by the shareholders of the Company on 10 June 2011, the Company may grant share options to eligible participants to subscribe for the Shares (the principal terms are set out in the Company's circular dated 27 April 2011). There was no share option granted under the share option scheme during the year ended 31 December 2020. As at 31 December 2020, there was no share option of the Company outstanding.

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

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the laws in Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, so far as is known to any of the Directors, the following persons (other than a Director or the chief executive of the Company) had interests or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register required to be kept under Section 336 of the SFO, who is interested in 5% or more of any class of share capital carrying rights to vote at general meetings of the Company.

Long Positions in the Shares

Name of shareholder	Capacity of interest	Number of Shares held	Number of underlying Shares held	Percentage of shareholding in the Company *(Note)*
Mega Trillion International Corporation	Corporate Owner	20,775,000	–	14.28%
Bank of Communications Trustee Limited	Trustee	20,757,500	–	14.27%
Landmass Investments Limited	Corporate owner	12,137,701	–	8.35%
Jade Metro Limited	Corporate owner	8,250,000	–	5.67%

Note: Based on 145,440,151 Shares in issue as at 31 December 2020.

Save as disclosed above, the Directors are not aware of any other person who had any interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required to be recorded in the register kept by the Company under section 336 of the SFO, as at 31 December 2020.

COMPETING INTEREST

None of the directors or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) engaged in any business that competes or may compete with the businesses of the Group or has any other conflict of interests with the Group for the year ended 31 December 2020.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2020 are set out in note 40 to the consolidated financial statements and none of them constituted any connected or continuing connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2020.

Report of the Directors

EMPLOYMENT RETIREMENT BENEFITS SCHEME

As at 31 December 2020, the Group had 9 (2019: 43) employees. The Group remunerates its employees based on their perfomance, working experience and the prevailing market conditions. Details of the Group's retirement benefits scheme for the year ended 31 December 2020 are set out in note 4.14 to the consolidated financial statements.

AUDIT COMMITTEE

The audit committee of the Board has been established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee's primary duties include reviewing the annual reports and quarterly financial reports of the Company and providing advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee currently comprises all of independent non-executive Directors. The audit committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2020 and discussed auditing, internal control and financial reporting matters with the Group's auditors. There was no disagreement between the auditors and the audit committee in respect of the accounting policies adopted by the Group.

AUDITOR

Ascenda Cachet CPA Limited was the auditor of the Company for the past three years and resigned on 31 December 2020. BDO Limited, who was first appointed as auditor of the Company on 6 May 2021, was engaged to audit the consolidated financial statements of the Group for the year ended 31 December 2020. BDO Limited will retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming AGM.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance a key element in managing the businesses and affairs of the Group. The management of the Group periodically reviews and proposes amendments to its corporate governance practices for compliance with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Corporate Governance Code. Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 16 to 20 of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with legal and regulatory requirements and the risk of non-compliance with such requirements. The Group conducts on-going reviews of newly enacted/revised laws and regulations affecting its operations. The Company is not aware of any non-compliance in any material respect with the relevant laws and regulations that have a significant impact on the business and operation of the Group for the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available of the Company and to the knowledge of the Directors, there is sufficient public float of more than 25% of the Shares as at the date of this report.

By order of the Board
He Xuemei
Chairperson

Hong Kong, 31 January 2022

Corporate Governance Report

THE BOARD OF DIRECTORS

Responsibilities of the Board

The Company is governed by the Board, which has the responsibility for leadership and monitoring of the Company and promoting the success of the Group by giving directions to the Group's affairs with a view to developing the Group's businesses and enhancing shareholders' value. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders. The Board has delegated the execution of the daily operational matters to the management of the Group.

Board Composition

The Board currently comprises four Directors, who have diversified skills and experience in business, financial, accounting and management, of whom one is executive Director and three are independent non-executive Directors. Details of the Director's background are set out in the section headed "Biographical Details of the Directors" of this report. During the year ended 31 December 2020, the Company had been in compliance with Rules 5.05(1) and (2) of the GEM Listing Rules and Ms. Pang King Sze Rufina, an independent non-executive Director, possesses professional qualifications in accounting and related financial management expertise.

Board Diversity and Nomination of Directors

The Company seeks to achieve Board diversity through a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The Company also takes into account factors based on its own business development and specific needs from time to time. As such, in assessing and selecting a candidate for acting as a Director, the criteria to be considered including but not limited to (i) qualifications including professional qualifications, skills, knowledge and experience; (ii) commitment to attending the meetings and participating in relevant training and other board associated activities; (iii) requirement for the Board to have independent Directors in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the GEM Listing Rules; and (iv) such other perspectives that are appropriate to the Company's business and succession plan and from time to time.

Continuing Professional Development

During the year ended 31 December 2020, the Directors have read relevant information to gain understanding of the markets for their continuous contribution to the Group.

Term of Appointment and Re-election

Pursuant to the Bye-Laws of the Company, one third of the Directors (except the chairperson or managing Director of the Company) shall retire from office by rotation and are subject to re-election at the annual general meetings of the Company. The Directors to retire shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. Further, all Directors appointed to fill casual vacancies shall hold office only until the next following annual general meeting and shall then be eligible for re-election at the meeting.

Corporate Governance Report

Chairperson and Chief Executive

To ensure a balance of power and authority, a clear division of the responsibilities of the chairperson of the Board and the chief executive has been set out such that the chairperson is mainly responsible for providing leadership to the Board, encouraging all Directors to make full and active contributions to the Board's affairs and ensuring that the Board acts in the best interest of the Group, as well as matters relating to corporate governance of the Company and its communication with its shareholders. The chief executive is responsible for the implementation of the Group's strategies and policies adopted by the Board in achieving the overall commercial objectives and assumes full accountability to the Board for the operation of the Group. During the year, the office of the chief executive is vacated. The Board will keep identifying a suitable candidate and should a candidate with suitable knowledge, skill and experience be identified, the Company will make appointment to fill the post as appropriate.

Company Secretary

The Company Secretary of the Company reports to the Board and assists the chairperson in preparing the agenda for the Board meetings and ensures that all applicable rules and regulations regarding the meetings are observed. The Company Secretary also assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules and supports the Board and committees of the Board by ensuring information flow within the Board and that Board policies and procedures are followed. The Company Secretary is appointed by the Board. Following the resignation of Mr. Fung Wing Sang in August 2020, Mr. Chan Chi Kwong Dickson was appointed as the Company Secretary. Mr. Chan Chi Kwong Dickson resigned as the Company Secretary on 31 January 2021 and Mr. Leung Ka Ho has been appointed as the Company Secretary since then. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants and has taken no less than 15 hours of relevant professional training during the year.

Board Meetings

The Directors participated the Board meetings in person or through electronic means of communication. All Directors have access to the relevant materials and are provided with adequate information which enables the Board to make informed decisions on the matters to be discussed and considered at Board meetings. Details of the Board meetings and special general meetings held during the year ended 31 December 2020 are as follows:

		Board meetings	**Special general meetings**
Executive Directors			
Ms. He Xuemei *(Chairperson)*	*(appointed on 4 May 2020)*	5/5	1/1
Mr. Chan Ching Hang	*(resigned on 10 September 2020)*	6/6	2/2
Non-executive Director			
Ms. He Lamei	*(appointed on 29 April 2020 and resigned on 30 June 2021)*	6/6	1/1
Independent Non-executive Directors			
Ms. Pang King Sze, Rufina		8/8	2/2
Mr. Hong Bingxian		8/8	2/2
Mr. Huang Zhe	*(appointed on 29 April 2020)*	6/6	1/1
Mr. Cheung Yin Keung	*(retired on 30 June 2020)*	4/4	1/1

Corporate Governance Report

DELEGATION BY THE BOARD

The Board is responsible for decisions in relation to the overall strategic development of the Group's business. Responsibilities in relation to the daily operations and execution of the strategic business plans are delegated to management. The audit committee, the remuneration committee and the nomination committee of the Board have their terms of reference which clearly define their powers and responsibilities. All committees are required to report to the Board in relation to their decisions, findings and/or recommendations, and in certain specific situations, to seek the Board's approval before taking any actions. The Board will from time to time review the delegations by the Board to different committees to ensure that the delegations are appropriate.

AUDIT COMMITTEE

The audit committee of the Board, as at the date of this report, comprises three members, all being independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Mr. Hong Bingxian and Mr. Huang Zhe. The audit committee's primary duties include making recommendations to the Board in relation to the appointment, re-appointment and removal of external auditors, ensuring the Group's financial statements, annual and interim reports and the independent auditor's report present a true and balanced assessment of the Group's financial position; reviewing the Group's financial controls, internal controls and risk management; and reviewing the Group's financial and accounting policies and practices. The audit committee has been provided with sufficient resources to enable it to discharge its duties.

The audit committee has discharged its responsibilities by reviewing the quarterly, interim and annual results of the Group for the year ended 31 December 2020 and the relevant statements and reports prior to the approval by the Board; discussion with the external auditor and its findings on the work performed and the related internal control issues; reviewing significant financial reporting judgments in accounting policies; reviewing and approving the external auditor's terms of engagement (including audit fee). Details of the meetings of the audit committee held during the year ended 31 December 2020 were summarized as follows:

		Audit committee meetings attended/held
Ms. Pang King Sze, Rufina		6/6
Mr. Hong Bingxian		6/6
Mr. Huang Zhe	*(appointed on 29 April 2020)*	3/3
Mr. Cheung Yin Keung	*(retired on 30 June 2020)*	3/3

REMUNERATION COMMITTEE

The remuneration committee of the Board comprises three members, the majority of which are independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Ms. He Xuemei and Mr. Hong Bingxian. The responsibilities of the remuneration committee include making recommendations to the Board on the remuneration policies, remuneration of the Directors and the senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. For the year ended 31 December 2020, there were three meetings of the remuneration committee in which all the members had attended. The remuneration committee has been provided with resources enabling it to discharge its duties.

Corporate Governance Report

NOMINATION COMMITTEE

The nomination committee of the Board comprises three members, the majority of which are independent non-executive Directors. The chairperson of the committee is Ms. Pang King Sze, Rufina and the other members are Ms. He Xuemei and Mr. Hong Bingxian. The nomination committee is responsible for establishing nomination policies, making recommendation to the Board on nomination and appointment of Directors and Board succession planning. In assessing the suitability of a proposed candidate for Director, the nomination committee may consider, *inter alia*, the qualification, skill, knowledge and experience of the proposed candidate, the impact of the proposed appointment on the composition, diversity and structure of the Board, and other perspectives appropriate to the Group's businesses and the Board. For the year ended 31 December 2020, there were 2 meetings of the nomination committee in which all members had attended. The nomination committee has been provided with sufficient resources to enable it to discharge its duties.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the required standards on dealing under the GEM Listing Rules as its own code of conduct regarding securities transactions by the Directors. Each of the Directors has confirmed that he/she had complied with the required standard during the year ended 31 December 2020.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group. In preparing the consolidated financial statements for the year ended 31 December 2020, the Group has adopted suitable accounting policies in accordance with Hong Kong accounting principles and applied them consistently. A statement by the auditor of the Company about its responsibilities for the consolidated financial statements is set out in the Independent Auditor's Report contained in this annual report. The Directors adopt the going concern approach in preparing the consolidated financial statements while a material uncertainty relating to the events and conditions that may cast significant doubt on the Group's ability to continue as a going concern is disclosed in note 3.2 to the consolidated financial statements.

INTERNAL CONTROL

Internal control systems have been designed to allow the Board to monitor the Group's overall financial position and compliance matters, to protect its assets and to assure against material financial misstatement or loss. The Board has from time to time reviewed the internal control system of the Group in order to ensure that the Group has adequate and effective internal control systems in place.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the fees payable to the auditor of the Group including audit services was HK$1,500,000 (excluded disbursements).

Corporate Governance Report

INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

The Company uses a number of channels to communicate to shareholders and potential investors on the performance of the Company, including (i) the publication of quarterly, interim and annual reports; (ii) the AGM and special general meetings which provide a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) key information on the Group available on the website of the Company; and (iv) the Company's share registrar in Hong Kong serving the shareholders on all share registration matters. The Company aims to provide its shareholders and potential investors with high standard of disclosure and financial transparency.

Shareholders are encouraged to attend the AGM for which at least 21 days' notice is given. The chairperson of the Board and other Directors are available to answer shareholders' questions on the Group's businesses at the meetings. All shareholders have statutory rights to call for special general meetings and to put forward an agenda for consideration.

Environmental, Social and Governance Report

This Environmental, Social and Governance Report (the "ESG Report") of the Group contains the environmental and social information for the year ended 31 December 2020 and is summarised as follows:

A. ENVIRONMENT ASPECTS

A1. Emissions

The Group, appreciating global warming concerns and importance of environment protection, has complied with the environmental laws and regulations in Hong Kong and is not aware of any non-compliance with the laws and regulations on air and greenhouse emissions and hazardous and non-hazardous waste generation. The Group is committed to minimising emission of air pollutants and greenhouse gases in its business activities. For the year ended 31 December 2020, the main operation of the Group in Hong Kong is office-based and does not lead to significant direct emission of air pollutants and greenhouse gases. Consumption of electricity at the Group's office premises in Hong Kong was the largest source of greenhouse emission. During the year, the Group's indirect greenhouse emission (Scope 2) amounted to 17.4 tonnes (carbon dioxide equivalent), representing a reduction of 31.3% from 24.3 tonnes in 2019, and there was no direct greenhouse emission (Scope 1) for both 2019 and 2020. Greenhouse emissions are calculated with reference to the guidelines in "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong" issued by the Environmental Protection Department, and the "Carbon Toolkit for Small and Medium Enterprises in Hong Kong" issued by the University of Hong Kong and City University of Hong Kong. The Group, in addition to measures in keeping the office temperature at 25°C and installing LED lighting or energy-saving lighting, continuously motivates its employees to use electronic means for communication and circulation of documents wherever practicable so as to promote paperless culture and a digitalized community, supports the use of video or telephone conference to reduce the need for staff travelling and encourages its staff to take public transport where staff travelling is required in order to reduce energy consumption.

A2. Waste Management

The Group adheres to waste management principle and strives to properly manage and dispose of wastes produced by its business activities. For the year ended 31 December 2020, the Group's main operation in Hong Kong was office-based and does not generate hazardous wastes in the course of its business operations and the non-hazardous wastes generated by it mainly comprise paper and toner cartridges. The Group encourages its staff to be more aware of the significance of sustainable development and to make efforts to minimize non-hazardous wastes. The Group's office in Hong Kong has implemented various measures to encourage its employees to participate in waste reduction management, including: (i) promotion of green information and electronic communication (such as email) for "paperless" system; and (ii) recommendation of the use of recycled papers, used envelopes and duplex printing and single-sided printing would only be adopted in handling official documents and confidential documents when necessary.

Environmental, Social and Governance Report

A3. Use of Resources

The energy consumption of the Group is relatively low and mainly comprises electricity purchased. As mentioned above, the Group has energy saving measures in place to minimize its energy consumption where possible. During the year ended 31 December 2020, the electricity consumption of the Group amounted to 20,000 kWh (2019: 29,000 kWh). The Group does not consume significant water in its business activities. During the year ended 31 December 2020, the Group consumed 21.4 tonnes (2019: 33.5 tonnes) of water. The Group does not have issues relating to sourcing water. The Group also promotes the habit of conservation of natural resources where possible.

A4. Environmental and Natural Resources

The Group strives to promote environmental protection and make effective use of its resources and adopts the concepts of reduce, reuse, recycle and replacement.

B. SOCIAL

Employment and Labour Practices

B1. Employment

The Group has complied with the Employment Ordinance, the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Race Discrimination Ordinance. It has also followed the relevant regulations/policies in respect of recruitment, promotion, dismissal, equal opportunities, diverse culture and anti-discrimination. The Group has never minor or forced labour or employed employee with a basic salary below the statutory minimum wage. It is the Group's policy not to employ any minors or forced labour. During the year ended 31 December 2020, the Group did not engage any minor labour or forced labour and has complied with the relevant laws and regulations, including the Employment of Children Regulations under the Employment Ordinance. The Group's administration department has formulated comprehensive human resources policies, which are contained in the staff manual/staff information for the staff to understand and rules of personnel. The Group remunerates its staff based on performance and may some time provides benefits better than those required by the laws so as to establish a team of elites.

B2. Health and Safety

The Group has complied with the health and safety regulations and formulates requirements in respect of the environment control and hygiene in workplace. The Group places great concern to improve indoor air quality and hygiene in the office premises and provides staff with hygiene masks and sanitizers with disinfectants to reduce the chance of its staff being suffered from respiratory infection. In response to the outbreak of COVID-19 pandemic, the Group had made arrangements to reduce the physical interaction and provide staff with hygiene masks for health consideration of the employees. In addition, the Group also carries out carpet cleaning and pest control to ensure that staff can work in a neat and clean working environment. The Group has installed appropriate lighting system to ensure the staff can work under sufficient and comfortable lighting. The Group also ensures that there are adequate first-aid facilities in workplace and that all emergency exits remain unimpeded and unlocked. The Group will continue its effort to promote a caring working environment to its employees.

B3. Development and Training

The Group encourages its staff to pursue progress and continuous learning. In addition to on-the-job training, the Group also encourages its staff to further study and keep up-to-date knowledge in their areas of expertise.

Environmental, Social and Governance Report

B4. Supply Chain Management and Service Quality

The general business suppliers of the Group comprise suppliers engaged in information technology, legal, accounting and other commercial services as well as office supplies. The Group is not aware that any of these suppliers will constitute major social risks to its businesses. The Group strives to provide quality services to its customers and has complied with the relevant laws and regulations.

B5. Anti-corruption

The Group maintains a high standard of business integrity throughout the operations and will not tolerate any corruption or bribery in any form. For the year ended 31 December 2020, the Group complied with the Prevention of Bribery Ordinance and the Anti-Money Laundering and Counter Terrorist Financing. The Group will only trade with persons who are impartial and for the benefits of the Company and will not tolerate any employees to accept gifts, entertainment activities or bonuses which do not comply with the normal social etiquette and ethical business practices. If they are required to accept gifts, entertainment activities or other concessions beyond the normal etiquette, they shall report to their supervisors and obtain the approval from their supervisors who are not involved in accepting such concessions and there shall be an appropriate business reasons for such approval.

B6. Community

The Group has always been philanthropic and strived to be a good corporate citizen. The Group encourages its staff to participate in social service and makes donation to charitable institutions from time to time. During the year, the Group had made donation totaling to HK$114,000 (2019: HK$167,000) to charitable institutions.

Independent Auditor's Report

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To the members of M-Resources Group Limited
(Formerly known as IR Resources Limited)
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of M-Resources Group Limited (formerly known as IR Resources Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 26 to 120, which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated statement of profit or loss, 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter 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. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Disclaimer of Opinion

Limitation of scope of work on the determination of the Disposal Groups as subsidiaries and on the disposal of the Disposal Groups

As disclosed in note 41 to the consolidated financial statements, the Group completed the disposal of a number of investees accounted for as subsidiaries engaged in forestry and agricultural business (the "Forestry and Agricultural Business") and financial service business (collectively referred to as the "Disposal Groups") on 19 November 2020, 30 November 2020 and 21 December 2020 respectively (the "Disposals"). For the period from 1 January 2020 to the respective disposal dates, the Disposal Groups generated a loss amounting to HK$2,573,000. The gain on disposal of the Disposal Groups amounting to HK$2,924,000 was included in the consolidated statement of profit or loss for the year ended 31 December 2020. Details are in note 41 to the consolidated financial statements.

We were only appointed as the auditor of the Group after the Disposals. The new owners of the Disposal Groups did not grant us the assess to the books and records of the Disposal Groups, nor the predecessor auditor allowed us to review their working papers to obtain audit evidence in respect of the Disposal Groups.

As a result, we were unable to obtain sufficient appropriate evidence that we considered necessary to evaluate and determine whether the Disposal Groups should have been accounted for as subsidiaries of the Group as at 1 January 2020 to the respective disposal dates. There is no other alternative procedures that we could perform to evaluate whether the Disposal Groups were the subsidiaries of the Group. Had the Disposal Groups not been determined as subsidiaries of the Group, the line items of the Disposal Groups would not have been accounted for in accordance with the accounting policies set out in note 4.1 to the consolidated financial statements.

Due to the reason stated in the previously mentioned paragraphs, we were also unable to determine whether (i) the carrying amounts of the Disposal Groups as at 1 January 2020; and (ii) the carrying amounts as at the respective disposal dates, the loss for the period from 1 January 2020 to the respective disposal dates and the gain on Disposals as disclosed in note 41 to the consolidated financial statements were fairly stated. Any adjustments in respect of the above amounts found necessary would have a consequential effect on (i) the carrying amounts of the Disposal Groups as at the respective disposal dates; (ii) the loss of the Disposal Groups for the period from 1 January 2020 to the respective disposal dates; (iii) the gain on Disposals; and (iv) the related disclosures of the Disposals in the consolidated financial statements.

Independent Auditor's Report

DISCLAIMER OF OPINION *(Continued)*

Material Uncertainty related to Going Concern

As disclosed in note 3.2 to the consolidated financial statements, the Group recorded a net loss attributable to the owners of the Company of approximately HK$29,918,000 for the year ended 31 December 2020, and as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$37,949,000 and the Group had net liabilities of approximately HK$42,041,000. Also, the Company received a winding-up petition from a lender for the Company's failure to settle an overdue loan and the unpaid interest thereon. These events or conditions, together with other matters described in note 3.2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note 3.4 of the consolidated financial statements, which states that the Group has made certain prior year adjustments to restate the comparative amounts for the year ended 31 December 2019 and the opening balances as at 1 January 2019. Our opinion is not modified in respect of this matter.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S 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 issued by the HKICPA and to issue an auditor's 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 matter 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.

BDO Limited
Certified Public Accountants

Pak Tak Lun
Practising Certificate Number: P06170

Hong Kong, 31 January 2022

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000 (Restated and re-presented)
Continuing operations			
Revenue	7	**21,161**	473
Cost of sales		**(18,264)**	–
Gross profit		**2,897**	473
Other income, gains and losses	8	**457**	1,671
Administrative expenses		**(16,413)**	(18,107)
Finance costs	9	**(767)**	(734)
Fair value loss on debt investment at fair value through profit or loss	25	**(3,203)**	(130)
Fair value loss on equity investments at fair value through profit or loss	24	**(90)**	(238)
Impairment loss on other receivables		**(218)**	–
Written off of other receivables		**(211)**	(732)
Loss on disposal of subsidiaries		**(368)**	–
Share of losses of associates	19	**(71)**	(813)
Loss before income tax	10	**(17,987)**	(18,610)
Income tax	11	**(697)**	–
Loss from continuing operations		**(18,684)**	(18,610)
Discontinued operation			
(Loss)/profit from discontinued operation	10	**(841)**	4,814
Loss for the year		**(19,525)**	(13,796)
Loss for the year attributable to:			
Owners of the Company:			
Loss for the year from continuing operations		**(7,677)**	(17,554)
Loss for the year from discontinued operation		**(22,241)**	(1,984)
		(29,918)	(19,538)
Non-controlling interests:			
Loss for the year from continuing operations		**(11,007)**	(1,056)
Profit for the year from discontinued operation		**21,400**	6,798
		10,393	5,742
		(19,525)	(13,796)
Loss per share from continuing operations and discontinued operation attributable to owners of the Company			
Basic and diluted	13	**HK(192.0) cents**	HK(132.3) cents
Loss per share from continuing operations attributable to owners of the Company			
Basic and diluted	13	**HK(49.3) cents**	HK(118.9) cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 **HK$'000**	2019 *HK$'000* (Restated and re-presented)
Loss for the year	**(19,525)**	(13,796)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(40)**	32
Reclassification of exchange differences on disposal of subsidiaries	**556**	–
Item that will not be reclassified subsequently to profit or loss:		
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	**(10)**	–
Other comprehensive income for the year, net of tax	**506**	32
Total comprehensive income for the year	**(19,019)**	(13,764)
Total comprehensive income attributable to:		
Owners of the Company:		
Loss from continuing operations	**(7,161)**	(17,554)
Loss from discontinued operation	**(22,251)**	(1,952)
	(29,412)	(19,506)
Non-controlling interests:		
Loss from continuing operations	**(11,007)**	(1,056)
Profit from discontinued operation	**21,400**	6,798
	10,393	5,742
	(19,019)	(13,764)

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	**31 December 2020 HK$'000**	31 December 2019 HK$'000 (Restated)	1 January 2019 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	16	**2,525**	3,947	5,860
Right-of-use assets	17(a)	**87**	1,879	–
Intangible assets	18	**–**	–	500
Investments in associates	19	**–**	12,584	11,477
Prepayment	26	**2,500**	–	–
Equity investments at fair value through other comprehensive income	20	**903**	–	–
Debt investment at fair value through profit or loss	25	**650**	–	3,983
		6,665	18,410	21,820
Current assets				
Inventories	21	**1,002**	151	242
Trade receivables	22	**9,779**	12,672	13,799
Loans and interest receivables	23	**–**	15,363	4,967
Equity investment at fair value through other comprehensive income		**–**	–	23,424
Equity investments at fair value through profit or loss	24	**–**	608	846
Debt investment at fair value through profit or loss	25	**–**	3,853	–
Prepayments, other receivables and other asset	26	**533**	19,005	12,170
Tax recoverable		**–**	116	–
Cash held on behalf of customers	27	**–**	6	52
Bank balances and cash	28	**1,555**	4,212	28,168
		12,869	55,986	83,668
Total assets		**19,534**	74,396	105,488
Current liabilities				
Trade payables	29	**8,936**	6	4,198
Other payables and accruals	30	**7,648**	26,092	50,579
Other borrowing	31	**8,106**	8,106	8,108
Bond payable	33	**25,343**	–	–
Lease liabilities	17(b)	**88**	1,263	–
Tax payables		**697**	4,321	3,886
		50,818	39,788	66,771
Net current (liabilities)/assets		**(37,949)**	16,198	16,897
Total assets less current liabilities		**(31,284)**	34,608	38,717

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	**31 December 2020 HK$'000**	31 December 2019 HK$'000 (Restated)	1 January 2019 HK$'000 (Restated)
Non-current liabilities				
Other loans	*32*	**10,757**	17,610	16,902
Lease liabilities	*17(b)*	**–**	637	–
		10,757	18,247	16,902
NET (LIABILITIES)/ASSETS		**(42,041)**	16,361	21,815
Capital and reserves				
Share capital	*34*	**1,455**	1,455	41,563
Reserves	*36*	**(43,496)**	9,256	(19,656)
Equity attributable to owners of the Company		**(42,041)**	10,711	21,907
Non-controlling interests		**–**	5,650	(92)
TOTAL (DEFICIT)/EQUITY		**(42,041)**	16,361	21,815

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 January 2022 and are signed on its behalf by:

He Xuemei
Director

Pang King Sze, Rufina
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company											
	Share capital HK$'000 (Note 34)	Share premium* HK$'000 (Note 36)	Shares held for Share Award Scheme* HK$'000 (Note 36)	Contributed surplus* HK$'000 (Note 36)	Other reserve* HK$'000 (Note 36)	Share options reserve* HK$'000 (Note 36)	Fair value reserve* HK$'000 (Note 36)	Exchange reserve* HK$'000 (Note 36)	Retained earnings/ (accumulated losses)* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity/ (deficit) HK$'000
Balance as at 31 December 2019	1,455	5,293	(5,501)	–	(9,889)	–	–	(516)	17,773	8,615	5,650	14,265
Correction of errors *(note 3.4)*	–	–	–	–	–	–	–	–	2,096	2,096	–	2,096
Balance as at 31 December 2019 (restated) and 1 January 2020	1,455	5,293	(5,501)	–	(9,889)	–	–	(516)	19,869	10,711	5,650	16,361
Loss for the year	–	–	–	–	–	–	–	–	(29,918)	(29,918)	10,393	(19,525)
Other comprehensive income:												
Currency translation differences	–	–	–	–	–	–	–	(40)	–	(40)	–	(40)
Reclassification of exchange differences on disposal of subsidiaries	–	–	–	–	–	–	–	556	–	556	–	556
Fair value loss on equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	(10)	–	–	(10)	–	(10)
Total comprehensive income for the year	–	–	–	–	–	–	(10)	516	(29,918)	(29,412)	10,393	(19,019)
Dividend	–	–	–	–	–	–	–	–	–	–	(22,012)	(22,012)
Disposal of subsidiaries	–	–	–	–	9,889	–	–	–	(33,229)	(23,340)	5,969	(17,371)
Balance as at 31 December 2020	1,455	5,293	(5,501)	–	–	–	(10)	–	(43,278)	(42,041)	–	(42,041)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company											
	Share capital *HK$'000* *(Note 34)*	Share premium* *HK$'000* *(Note 36)*	Shares held for Share Award Scheme* *HK$'000* *(Note 36)*	Contributed surplus* *HK$'000* *(Note 36)*	Other reserve* *HK$'000* *(Note 36)*	Share options reserve* *HK$'000* *(Note 36)*	Fair value reserve* *HK$'000* *(Note 36)*	Exchange reserve* *HK$'000* *(Note 36)*	(Accumulated losses)/ retained earnings* *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance as at 31 December 2018	41,563	265,213	–	–	(9,889)	4,930	(3,847)	(548)	(276,331)	21,091	(92)	20,999
Correction of errors *(note 3.4)*	–	–	–	–	–	–	–	–	816	816	–	816
Balance as at 31 December 2018 and 1 January 2019 (restated)	41,563	265,213	–	–	(9,889)	4,930	(3,847)	(548)	(275,515)	21,907	(92)	21,815
Loss for the year (restated), *(note 3.4)*	–	–	–	–	–	–	–	–	(19,538)	(19,538)	5,742	(13,796)
Other comprehensive income:												
Currency translation differences	–	–	–	–	–	–	–	32	–	32	–	32
Total comprehensive income for the year	–	–	–	–	–	–	–	32	(19,538)	(19,506)	5,742	(13,764)
Release of fair value reserve relating to equity investments at fair value through other comprehensive income	–	–	–	–	–	–	3,847	–	(3,847)	–	–	–
Cancellation and lapse of share options	–	–	–	–	–	(4,930)	–	–	4,930	–	–	–
Share subscription	8,310	–	–	–	–	–	–	–	–	8,310	–	8,310
Capital reorganisation												
– Capital reduction	(48,626)	–	–	48,626	–	–	–	–	–	–	–	–
– Reduction of share premium	–	(265,213)	–	265,213	–	–	–	–	–	–	–	–
– Application of contributed surplus to set off against accumulated losses	–	–	–	(313,839)	–	–	–	–	313,839	–	–	–
Conversion into shares held under Share Award Scheme *(note 34(d))*	208	5,293	(5,501)	–	–	–	–	–	–	–	–	–
Balance as at 31 December 2019 (restated)	1,455	5,293	(5,501)	–	(9,889)	–	–	(516)	19,869	10,711	5,650	16,361

* The total of these accounts as at the reporting dates represents "Reserves" in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020	2019
	HK$'000	*HK$'000*
		(Restated and Re-presented)
Cash flows from operating activities		
Loss before income tax from continuing operations	**(17,987)**	(18,610)
(Loss)/profit before income tax from discontinued operation	**(841)**	5,281
	(18,828)	(13,329)
Adjustments for:		
Depreciation of property, plant and equipment	**436**	1,621
Depreciation of right-of-use assets	**951**	646
Loss on written off of property, plant and equipment	**27**	2,136
Gain on disposal of subsidiaries	**(2,924)**	–
Impairment loss on other receivables	**218**	–
Reversal of impairment on trade receivables	**(1,051)**	(86)
Fair value loss on debt investment at fair value through profit or loss	**3,203**	130
Fair value loss on equity investments at fair value through profit or loss	**90**	238
Write-down of inventories	**16**	91
Share of losses of associates	**71**	813
Written off of other receivables	**4,771**	–
Lease modification	**62**	–
COVID-19-Related rent concession	**(290)**	–
Finance costs	**1,536**	1,442
Interest income	**(62)**	(1)
Written back of trade payables	**–**	(8)
Written back of other payables and accruals	**(220)**	(9,696)
Loss on written off of intangible assets	**–**	500
Exchange gain	**(43)**	–
Operating loss before working capital changes	**(12,037)**	(15,503)
Increase in inventories	**(1,002)**	–
Decrease in trade receivables	**3,944**	1,213
Decrease/(increase) in loans and interest receivables	**15,363**	(10,396)
Decrease in prepayments and other receivables	**1,128**	4,191
Decrease in cash held on behalf of customers	**6**	46
Increase/(decrease) in trade payables	**8,930**	(4,184)
Decrease in other payables and accruals	**(12,818)**	(4,623)
Decrease in equity investments at fair value through profit and loss	**518**	–
Cash generated from/(used in) operations	**4,032**	(29,256)
Income taxes refunded	**30**	–
Net cash generated from/(used in) operating activities	**4,062**	(29,256)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 **HK$'000**	2019 *HK$'000* (Restated and Re-presented)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(42)**	(1,844)
Payment for transaction costs in relation to disposal of equity investments at fair value through other comprehensive income	**–**	(626)
Proceeds from disposal of equity investments at fair value through other comprehensive income	**–**	12,050
Payment for investments in associates	**–**	(2,040)
Advance to associates	**–**	(11,022)
Interests received	**2**	1
Cash outflow from disposal of subsidiaries	**(66)**	–
Net cash used in investing activities	**(106)**	(3,481)
Cash flows from financing activities		
Inceptions of other loans	**10,700**	1,800
Repayment of other loans	**(15,846)**	–
Proceeds from issue of ordinary shares, net of issuing expenses	**–**	8,310
Capital element of lease rentals paid	**(743)**	(625)
Interest element of lease rentals paid	**(42)**	(54)
Interest paid for other borrowing	**(682)**	(682)
Net cash (used in)/generated from financing activities	**(6,613)**	8,749
Net decrease in cash and cash equivalents	**(2,657)**	(23,988)
Cash and cash equivalents at the beginning of the year	**4,212**	28,168
Effect of exchange rate changes on cash and cash equivalents	**–**	32
Cash and cash equivalents at the end of the year	**1,555**	4,212

Notes to the Consolidated Financial Statements

31 December 2020

1. GENERAL INFORMATION

M-Resources Group Limited (formerly known as IR Resources Limited) ("the Company") is a limited liability company incorporated in Bermuda. The ordinary shares of the Company are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is located at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The Company's principal place of business in Hong Kong is situated at 11/F., China United Plaza, 1008 Tai Nan West Street, Lai Chi Kok, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in the sale of plantation and household products and financial services. In prior year, the Group's principal activities included sales of wood and agricultural related products and timber processing in the Kingdom of Cambodia (the "Forestry and Agricultural Business") and financial services. During the year, the Group had discontinued the Forestry and Agricultural Business.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of new/revised HKFRSs – effective 1 January 2020

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Hedge Accounting – Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions (early adoption)
Amendments to HKFRS 16	COVID-19-Related Rent Concession beyond 30 June 2021 (early adoption)

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. Except for the amendments to HKFRS 16, the Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below:

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

Notes to the Consolidated Financial Statements

31 December 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.1 Adoption of new/revised HKFRSs – effective 1 January 2020 *(Continued)*

Amendments to HKFRS 16 – COVID-19-Related Rent Concessions *(Continued)*

(ii) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(iii) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. In accordance with the transitional provisions, the Group has applied the amendments retrospectively, and has not restated prior period figure. As the rent concessions have arisen during the current financial period, there is no retrospective adjustment to opening balance of retained earnings at 1 January 2020 on initial application of the amendments. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$290,000 has been accounted for as a negative variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year.

Amendment to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extend the practical expedient available to lessees in accounting for COVID-19-Related rent concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendment is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

Notes to the Consolidated Financial Statements

31 December 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

The following new or amended HKFRSs, potentially relevant to the consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture[5]
Amendments to HKAS 1 and HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-current and presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intend Use[2]
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract[2]
Annual Improvements to HKFRSs 2018–2020 Cycle	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples companying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022
4 Effective for annual periods beginning on or after 1 January 2023
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKFRS 3 – Reference to the Conceptual Framework

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

The directors of the Company (the "Directors") do not anticipate that the application of these amendments in the future will have an impact on the financial statements.

Notes to the Consolidated Financial Statements

31 December 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 New or amended HKFRSs that have been issued but are not yet effective *(Continued)*

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

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

The Directors do not anticipate that the application of these amendments in the future will have an impact on the financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors do not anticipate that the application of these amendments may have an impact on the financial statements in future periods should such transaction arise.

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

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

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

The Directors do not anticipate that the application of these amendments and revision in the future will have an impact on the financial statements.

Notes to the Consolidated Financial Statements

31 December 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 New or amended HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Amended HKFRS Practice Statement 2 includes guidance and two additional examples on the application of materiality to accounting policy disclosures.

The Directors are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Directors are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

The Directors is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2020

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 New or amended HKFRSs that have been issued but are not yet effective *(Continued)*

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

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

The Directors are currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2018–2020 Cycle – Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Directors do not anticipate that the application of these amendments in the future will have an impact on the financial statements.

Notes to the Consolidated Financial Statements

31 December 2020

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

3.2 Basis of measurement and going concern assumption

These consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies set out below.

The Group recorded a net loss attributable to the owners of the Company of approximately HK$29,918,000 for the year ended 31 December 2020, and as at 31 December 2020, the Group's current liabilities exceeded its current assets by approximately HK$37,949,000 and the Group has net liabilities of approximately HK$42,041,000. As at the same date, the Group's other borrowing, other loans and bond payable amounted to approximately HK$44,206,000 in aggregate of which approximately HK$33,449,000 were classified as current liabilities, while its cash and cash equivalents amounted to approximately HK$1,555,000 as at 31 December 2020.

The other borrowing (note 31) was a loan as originated in 2019 with a principal amount of HK$8,000,000 (the "Overdue Loan") owed by the Company to China Jianxin Credit Services Limited (the "Lender"), and the Lender claimed the Overdue Loan had become overdue in May 2019. As at 31 December 2020, the carrying amount of the Overdue Loan and its unpaid interests amounted to approximately HK$8,106,000. A winding-up petition dated 26 May 2021 was filed by the Lender for the Company's failure to settle the Overdue Loan together with any unpaid interest thereon and costs of approximately HK$9,397,000 as at that date.

The receipt of the winding-up petition constituted a default event under the terms and conditions of the perpetual bond (Note 33) with its principal amount of HK$25,000,000 issued by the Company. Such default entitled the bondholder a right to demand immediate repayable from the Group.

Given the Group's highly indebted position, the Company has proposed a debt restructuring arrangement (the "Scheme of Arrangement"). The Company has applied to The High Court of Hong Kong (the "Court") for an adjournment of the winding-up petition supported by a proposed Scheme of Arrangement and the Court adjourned the hearing of the winding-up petition.

These events and conditions above may cast significant doubt about the Group's ability to continue as a going concern.

Notes to the Consolidated Financial Statements

31 December 2020

3. BASIS OF PREPARATION *(Continued)*

3.2 Basis of measurement and going concern assumption *(Continued)*

In assessing the appropriateness of the use of the going concern basis in the preparation of these consolidated financial statements, the Directors prepared a cash forecast covering a period of 12 months from the date of approval for issue of these consolidated financial statements. In preparing the cash flow forecast, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position and performance which include, but not limited to the following:

(a) The Company applied to the Court for the approval of the Scheme of Arrangement to be entered into between the Company and its creditors to convene a scheme meeting for the purpose of considering and, if appropriate, approving the Scheme of Arrangement. Each creditor of the Company will be entitled to elect settlement in cash or by allotment and issue of new shares of the Company for settlement of all its claims against the Company under the Scheme of Arrangement. Depending on the final level of acceptance by the creditors in electing settlement by new shares of the Company, the Company may issue new shares under general mandate or specific mandate, which, in the latter case, would require shareholders' approval. The Company will make further announcements in this regard to keep the shareholders updated of the development. A creditors meeting will be convened after the approval by the Court for the purpose of approving the Scheme of Arrangement by the creditors and the settlement options that are to be chosen by the creditors. When the Scheme of Arrangements is approved by the creditors, the sanction of the Court will be sought. The Scheme of Arrangement will become effective after the registration date of Court Order granted by the Court at the Scheme Effective Date.

    The Directors assessed that it is probable that the Court would approve the Scheme of Arrangement, considering the Group's financial position shown on its most recent management accounts and letters of support received from the creditors of the Company up to the date of issue of these consolidated financial statements. The Directors had a proactive dialogue with the creditors and are also confident that the Company would receive sufficient support for the Scheme of Arrangement in the creditors meeting. On this basis, the Directors consider that the Scheme of Arrangement would be successful.

(b) On 7 June 2021, the Company reached an agreement with a facility provider for the provision of a loan facility of HK$5,000,000 to finance the operating costs of the Group and the Scheme of Arrangement (the "Loan Agreement"). Under the Loan Agreement, the lender is entitled to terminate the Loan Agreement if the Scheme of Arrangement is not successful (i.e. Court's approval is not obtained or sufficient support is not received from creditors in the scheme meeting) or the Stock Exchange rejects the resumption of trading of the shares of the Company. The loan will be repayable upon the earlier of i) winding up of the Company or ii) completion of fund raising exercise which the Company proposed to carry out after the resumption of trading of the Company's shares.

(c) The Group continues to develop its plantation and household business to improve its cash flow from operations.

Given the above, the Directors are of the opinion that, taking into account the above-mentioned measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern.

Notes to the Consolidated Financial Statements

31 December 2020

3. BASIS OF PREPARATION *(Continued)*

3.2 Basis of measurement and going concern assumption *(Continued)*

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated finance statements.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the same as the functional currency of the Company.

3.4 Correction of errors

(a) Waiver of provision for Directors' remuneration in prior years

In 2020, the management of the Group discovered and were of the view that certain former directors' remuneration provided in prior years and included in other payables and accruals as at 31 December 2018 and 2019 should have been waived in the years 2015 and 2019, with reference to legal opinion obtained, in accordance with terms and conditions of certain board resolutions in year 2013. The error resulted in material overstatements of directors' remuneration for years prior to 2019 and for the year 2019 of HK$834,000 and HK$1,410,000 respectively and overstatements of other payables and accruals as at 31 December 2018 and 2019 of HK$834,000 and HK$2,244,000 respectively. In the opinion of directors, no tax implication should be arose on these adjustments.

(b) Classification and measurement of a debt investment at fair value through profit or loss ("FVTPL")

In 2017, the Group subscribed for a convertible bond (the "Convertible Bond Receivable") as detailed in note 25. The Group recorded a financial asset at amortised cost for the host contract which was included in other receivable as at 31 December 2018 and 2019. The Directors were of the opinion that the fair value of the conversion right was not material to and therefore was not recognised in the consolidated financial statements as at 31 December 2018 and 2019.

In 2020, the Group discovered that since the initial application of HKFRS 9 as at 1 January 2018, the fair values of the host contract and the conversion right of the Convertible Bond Receivable shall be accounted for as a whole and classified as a debt investment at FVTPL and measured at fair value subsequently at the end of each of the reporting periods.

The error resulted in material understatement of debt investment at FVTPL in relation to the Convertible Bond Receivable as at 31 December 2018 and 2019 of HK$3,983,000 and HK$3,853,000 respectively; overstatement of prepayments and other receivables as at 31 December 2018 and 2019 of HK$4,001,000 and HK$4,001,000 respectively and understatement of fair value loss on debt investment at FVTPL for the year ended 31 December 2019 of HK$130,000. The error also resulted in omission of disclosures related to fair value measurement of the Convertible Bond Receivable in these consolidated financial statements in prior years.

The errors have been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Consolidated statement of financial position (extract)

	31 December 2019 HK$'000	Increase/ (decrease) HK$'000 (note 3.4(a))	Increase/ (decrease) HK$'000 (note 3.4(b))	31 December 2019 HK$'000 (Restated)	31 December 2018 HK$'000	Increase/ (decrease) HK$'000 (note 3.4(a))	Increase/ (decrease) HK$'000 (note 3.4(b))	1 January 2019 HK$'000 (Restated)
Other payables and accruals	28,336*	(2,244)	–	26,092	51,413*	(834)	–	50,579
Prepayments and other receivables	23,006	–	(4,001)	19,005	16,171	–	(4,001)	12,170
Debt investment at FVTPL	–	–	3,853	3,853	–	–	3,983	3,983
Reserves	7,160	2,244	(148)	9,256	(20,472)	834	(18)	(19,656)

* Interest payable on other borrowing amounted to HK$106,000 (2018: HK$108,000) has been reallocated into "Other borrowings".

Notes to the Consolidated Financial Statements

31 December 2020

3. BASIS OF PREPARATION *(Continued)*

3.4 Correction of errors *(Continued)*

Consolidated statement of profit or loss (extract)

	2019 HK$'000 (Re-presented)	**Loss Decrease/ (increase)** HK$'000 *(note 3.4(a))*	**Loss Decrease/ (increase)** HK$'000 *(note 3.4(b))*	**2019** HK$'000 (Restated and re-presented)
Continuing operations				
Administrative expenses	(19,517)	1,410	–	(18,107)
Fair value loss on debt investment at FVTPL	–	–	(130)	(130)
Loss before income tax	(19,890)	1,410	(130)	(18,610)
Income tax	–	–	–	–
Loss from continuing operations	(19,890)	1,410	(130)	(18,610)
Discontinued operation				
Profit from discontinued operation	4,814	–	–	4,814
	(15,076)	1,410	(130)	(13,796)
Loss attributable to:				
Owners of the Company				
Loss for the year from continuing operations	(18,834)	1,410	(130)	(17,554)
Loss for the year from discontinued operation	(1,984)	–	–	(1,984)
	(20,818)	1,410	(130)	(19,538)
Loss attributable to:				
Non-controlling interests				
Loss for the year from continuing operations	(1,056)	–	–	(1,056)
Profit for the year from discontinued operation	6,798	–	–	6,798
	5,742	–	–	5,742
Loss per share from continuing and discontinued operation attributable to the owners of the Company				
Basic and diluted *(in HK cent)*	(140.9)	9.5	(0.9)	(132.3)
Loss per share from continuing operations attributable to the owners of the Company				
Basic and diluted *(in HK cent)*	(127.5)	9.5	(0.9)	(118.9)

The corrections further affected some of the amounts and disclosures set out in notes 6, 8, 10, 11, 13, 14, 25, 26, 30, 37 and 45.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.3 Associates *(Continued)*

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions are eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred, they are recognised immediately in profit or loss.

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

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest it that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.4 Property, plant and equipment

Property, plant and equipment including plant, machinery and equipment and leasehold improvements, are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs 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 the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.4 Property, plant and equipment *(Continued)*

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Plant, machinery and equipment	20%–33%
Leasehold improvements	Over lease terms
Furnishing	Not depreciated

In the prior year, the useful lives of the following were:

Buildings	Shorter of 50 years and the unexpired term of the leases
Constructed roads	3%
Motor vehicles	20%

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount. The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.5 Government grant

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.6 Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) The amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) Any lease payments made at or before the commencement date, less any lease incentives received;

(iii) Any initial direct costs incurred by the lessee; and

(iv) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) Fixed lease payments less any lease incentives receivable;

(ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) Amounts expected to be payable by the lessee under residual value guarantees;

(iv) Exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.6 Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liability (Continued)

Subsequent to the commencement date, the Group measures the lease liability by:

(i) Increasing the carrying amount to reflect interest on the lease liability;

(ii) Reducing the carrying amount to reflect the lease payments made; and

(iii) Remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies (see note 2.1), if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.7 Intangible assets (other than goodwill)

Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Timber logging rights

Timber logging rights ("Timber Logging Rights") acquired separately by the Group are intangible assets and are stated at cost less accumulated amortisation and any impairment losses. The Timber Logging Rights give the Group rights to log trees in the allocated concession forests land in the Kratie District of Kratie Province in Cambodia. Amortisation is charged on a unit-of-production basis, whereby the annual amortisation amount is determined based on the actual logging volume for the year to the projected total standing log volume of the timber in the concession forest land. The Timber Logging Rights are assessed for impairment whenever there is an indication that the Timber Logging Rights may be impaired.

Trading right

The non-transferable trading right on the Stock Exchange is stated at cost less any impairment losses, if any. The trading right is considered to have an indefinite useful life and is tested for impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely 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. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVTOCI"): 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 FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Financial Instruments *(Continued)*

(i) Financial assets *(Continued)*

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be credit-impaired when: (1) significant financial difficulty of the debtor; (2) a breach of contract, such as a default or being more than 90 days past due; (3) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; (4) it is probable that the debtor will enter bankruptcy or other financial reorganisation; or (5) the disappearance of an active market for a security because of financial difficulties.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investment in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in "FVTOCI reserve (recycling)".

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Financial Instruments *(Continued)*

(iii) Financial liabilities *(Continued)*

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, bond and borrowings, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in 4.8(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.8 Financial Instruments *(Continued)*

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.9 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is a part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view of resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and post-tax gain or loss recognised on the measurement to fair value less cost to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

4.10 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.11 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added taxes or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates or enhances an asset that the customer controls as the Group performs; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of plantation and household products

Customers obtain control of the plantation and household products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted plantation and household products. There is generally only one performance obligation.

Goods sold by the Group include warranties which require the Group to either replace or amend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with HKFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets. Based on historical data, the Group does not recognise the provision of contract consideration for this warranty.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.11 Revenue recognition *(Continued)*

Sales of wood and agricultural products

Revenue from the sale of wood and agricultural products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the wood and agricultural products.

Services rendered

Revenue from provision of services mainly include service fee income from provision of financial information services, brokerage commission income and development of cultural related online application, which is recognised over time when services are rendered.

Revenue from other sources

Loan interest income is accrued on an over-time-basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the cost relate. The asset is subject to impairment review.

Notes to the Consolidated Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.12 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.13 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.13 Foreign currency *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4.14 Employee benefits

(i) Short term employee benefit

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plans

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund.

The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The People's Republic of China (the "PRC") subsidiaries of the Group participate in a mandatory central pension scheme organised by the PRC government for certain of its employees, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employee salaries and are charged to profit or loss as they became payable, in accordance with the rule of the scheme. The employer contributions vest fully once they are made.

Under the above scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Notes to the Consolidated Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.15 Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including the Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 was measured by reference to the fair value at the date at which they were granted. The fair value was determined by an external valuer using a binomial model, further details of which are given in note 35.

The cost of equity-settled transactions is recognised in employee benefit expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expenses recognised for equity-settled transactions at the end of the reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likehood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increase the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for award is recognised immediately. This includes any award where non-vesting conditions within the control of either Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilute effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Notes to the Consolidated Financial Statements

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4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.16 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a depreciated cost under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4.17 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

Notes to the Consolidated Financial Statements

31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

4.19 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits and highly liquid investments with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

4.20 Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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 the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include (i) that person's children and spouse or domestic partner; (ii) children of that person's spouse or domestic partner; and (iii) dependents of that person or that person's spouse or domestic partner.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting judgements and key sources of estimation uncertainty are as follows:

(i) Consolidation of entities in which the Group holds less than a majority of voting rights

The effective equity interests of certain disposed subsidiaries engaged in the Forestry and Agricultural Business (the "Forestry Subsidiaries") held by the Group were less than 50%. Despite that the effective equity interests of the Forestry Subsidiaries held by the Group were less than 50%, the management of the Group assessed and considered that the Forestry Subsidiaries are non-wholly subsidiaries of the Group during the year because the composition of the board of Directors, key management personnel and the operating committees of the Forestry Subsidiaries were being appointed by the Group, and the Group was exposed, or had rights, to variable returns from its investment with the Forestry Subsidiaries and had the ability to affect those returns through its power over the Forestry Subsidiaries.

(ii) Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provision are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

(iii) Useful lives and residual values of property, plant and equipment

The management of the Group determines the residual values, estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of the property, plant and equipment of similar nature and functions. Management will change the depreciation charge where residual values and useful lives are different from the previous estimates. It will also write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Impairment of property, plant and equipment

In assessing impairment of property, plant and equipment, the Group's management uses all readily available information in determining an amount that is reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable information from similar comparable products in the market. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Notes to the Consolidated Financial Statements

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(v) Provision for ECL on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns (e.g. by geography, product type, and customer type and rating, etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e. gross domestic products) are expected to deteriorate over the next year which can lead to an increase number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast in economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's default in the future. The information about ECLs on the Group's trade receivables and related credit risk is disclosed in notes 22 and 46(c), respectively.

(vi) Fair value measurement

The fair value measurement of the Group's financial assets at FVTOCI and at FVTPL utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

– Level 1: Quoted prices in active markets for identical items (unadjusted);

– Level 2: Observable direct or indirect inputs other than Level 1 inputs;

– Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

(vii) ECLs on other receivables

The ECLs for financial assets including other receivables are based on assumptions about risk of default and expected credit loss rates. The Group adopts judgement in making these assumption and selecting inputs for computing such ECLs, broadly based on the available historical data, existing market conditions including forward looking estimates at the end of the reporting period.

Notes to the Consolidated Financial Statements

31 December 2020

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(viii) Going concern assumptions

As stated in note 3.2, the Directors have prepared the consolidated financial statements for the year ended 31 December 2020 based on a going concern basis. The assessment of the going concern assumption involves making judgement by the Directors at a particular point of time, about the future outcome of events or conditions which are uncertain. The Group's management has prepared a cash flow forecast of the Group covering a period of 12 months from the date of approval for issue of these consolidated financial statements and concluded that, subject to the outcome of the Scheme of Arrangement, there will be sufficient funds from the Group's existing cash and fund resources, and cash flows to be generated from its operations to finance its future operations to maintain the Group as a going concern. Accordingly, the Directors consider that the Group have the capability to continue as a going concern.

6. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group reportable segments are managed separately as each business offers different and requires different business strategies. During the year, the Group has three (2019: two) reportable operating segments.

During the year, the operation for the Forestry and Agricultural Business was discontinued upon the disposal of Green Resources Navigator International Limited and its subsidiaries (collectively the "Green Resources Group") and 阿哈爾捷科技（深圳）有限公司 ("Other Disposed Company"). The following summary describes the operations in the Group's reportable segments:

Continuing operations

– The sales of plantation and household products (the "Plantation and Household Business"); and

– The provision of financial services (the "Financial Services Business").

Discontinued operation

– The Forestry and Agricultural Business.

The management of the Company monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets exclude investments in associates, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other borrowing, other loans, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Notes to the Consolidated Financial Statements

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6. SEGMENT REPORTING *(Continued)*

(i) The following summary describes the operations in each of the Group's reportable segments:

	Year ended 31 December 2020				
	Continuing operations			Discontinued operation	
	Plantation and Household Business *HK$'000*	Financial Services Business *HK$'000*	Subtotal *HK$'000*	Forestry and Agricultural Business *HK$'000*	Total *HK$'000*
Reportable segment revenue	20,953	208	21,161	–	21,161
Reportable segment loss	(1,229)	(525)	(1,754)	(841)	(2,595)
Unallocated corporate expenses					(15,501)
Unallocated finance costs					(732)
Loss before income tax					(18,828)
Reportable segment assets	17,378	4	17,382	–	17,382
Unallocated assets *(note)*					2,152
Total assets					19,534
Reportable segment liabilities	10,237	34	10,271	–	10,271
Unallocated liabilities *(note)*					51,304
Total liabilities					61,575
Other information					
Unallocated capital expenditure					152
Depreciation	23	639	662	–	662
Unallocated depreciation					725
					1,387
Interest income	1	–	1	2	3
Unallocated interest income					60
					63

Notes to the Consolidated Financial Statements

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6. SEGMENT REPORTING *(Continued)*

(i) *(Continued)*

	Year ended 31 December 2020				
	Continuing operations			Discontinued operation	
	Plantation and Household Business *HK$'000*	Financial Services Business *HK$'000*	Subtotal *HK$'000*	Forestry and Agricultural Business *HK$'000*	Total *HK$'000*
Gain on disposal of subsidiaries	–	633	633	3,292	3,925
Unallocated loss on disposal of subsidiaries					(1,001)
					2,924
Written off of other receivables	–	–	–	4,560	4,560
Unallocated written off of other receivables					211
					4,771
Reversal of impairment loss of trade receivables	–	–	–	1,051	1,051
Write-down of inventories	–	–	–	16	16
Unallocated impairment loss of other receivables					218
Unallocated share of losses of associates					71
Unallocated fair value loss on equity investments at FVTPL					90
Unallocated fair value loss on debt investment at FVTPL					3,203
Unallocated loss on written off of property, plant and equipment					27

Notes to the Consolidated Financial Statements

31 December 2020

6. SEGMENT REPORTING *(Continued)*

(i) *(Continued)*

	Year ended 31 December 2019		
	Continuing operation	Discontinued operation	
	Financial Services Business *HK$'000*	Forestry and Agricultural Business *HK$'000*	Total *HK$'000* (Restated and represented)
Reportable segment revenue	473	30,156	30,629
Reportable segment (loss)/profit	(2,642)	5,281	2,639
Unallocated corporate expenses			(15,252)
Unallocated finance costs			(716)
Loss before income tax			(13,329)
Reportable segment assets	18,171	20,090	38,261
Unallocated assets *(note)*			36,135
Total assets			74,396
Reportable segment liabilities	2,084	43,752	45,836
Unallocated liabilities *(note)*			12,199
Total liabilities			58,035
Other information			
Unallocated capital expenditure			4,369
Depreciation and amortisation	192	754	946
Unallocated depreciation and amortisation			1,321
			2,267
Interest income	1	–	1
Reversal of impairment loss of trade receivables	–	86	86
Write-down of inventories	–	91	91
Unallocated share of losses of associates			813
Unallocated fair value loss on equity investments at FVTPL			238
Unallocated fair value loss on debt investment at FVTPL			130
Loss on written off of property, plant and equipment	–	2,136	2,136
Loss on written off of intangible assets	–	500	500

Note: Unallocated assets mainly represent investments in associates and financial assets at fair value through other comprehensive income and at fair value through profit or loss.

Unallocated liabilities mainly represent other borrowing, other loans and bond payable.

Notes to the Consolidated Financial Statements

31 December 2020

6. SEGMENT REPORTING *(Continued)*

(ii) Geographical Information

Revenue from external customers

	2020 HK$'000	2019 HK$'000 (Re-presented)
Continuing operations		
Hong Kong (place of domicile)	**3,478**	473
The PRC	**850**	–
The United States (the "US")	**16,833**	–
	17,683	–
	21,161	473
Discontinued operation		
The PRC	**–**	30,156
	–	30,156

The classification of the revenue arising from the Forestry and Agricultural Business is based on the location of the customers' operation.

The classification of the revenue arising from the Financial Services Business is based on the location of stock exchanges of the underlying securities investments made by their clients, the location of the borrowed funds first available to their borrowers; or the location of the client's operation.

Specified non-current assets

	2020 HK$'000	2019 HK$'000
Hong Kong (place of domicile)	**5,112**	17,005
The PRC	**–**	1,405
	5,112	18,410

The specified non-current assets information above is based on the locations of the assets and/or locations of the operations.

Notes to the Consolidated Financial Statements

31 December 2020

6. SEGMENT REPORTING *(Continued)*

(iii) Information about major customers

During the year ended 31 December 2020, revenues from three customers of the Group's Plantation and Household Business amounted to HK$11,296,000, HK$5,537,000 and HK$3,270,000 respectively, which individually represent 10% or more of the Group's revenue.

During the year ended 31 December 2019, revenues from three customers of the Group's Forestry and Agricultural Business amounted to HK$11,776,000, HK$9,578,000 and HK$6,065,000 respectively, which individually represent 10% or more of the Group's revenue.

7. REVENUE

An analysis of revenue as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of household products	**17,683**	–
Sales of plantation products	**3,270**	–
	20,953	–
Revenue from other sources		
Loan interest income	**208**	473
	21,161	473
Discontinued operation		
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of wood and agricultural products	**–**	30,156

Notes to the Consolidated Financial Statements

31 December 2020

7. REVENUE *(Continued)*

Disaggregated revenue information:

For the year ended 31 December 2020

	Sales of household and plantation products *HK$'000*
Time of revenue recognition (continuing operations)	
Goods transferred at a point in time	**20,953**

For the year ended 31 December 2019

	Sales of wood and agricultural products *HK$'000* (Re-presented)
Time of revenue recognition (discontinued operation)	
Goods transferred at a point in time	30,156

8. OTHER INCOME, GAINS AND LOSSES

	2020 *HK$'000*	2019 *HK$'000* (Restated and re-presented)
Continuing operations		
Bank interest income	**1**	1
Other interest income	**60**	–
COVID-19-Related rent concessions	**290**	–
Written back of other payables and accruals	**220**	1,624
Government subsidies *(note)*	**122**	–
Exchange loss, net	**(387)**	(34)
Written off of property, plant and equipment	**(27)**	–
Sundry income	**178**	80
	457	1,671

Notes to the Consolidated Financial Statements

31 December 2020

8. OTHER INCOME, GAINS AND LOSSES *(Continued)*

	2020	2019
	HK$'000	*HK$'000*
		(Restated and re-presented)
Discontinued operation		
Bank interest income	**2**	–
Reversal of impairment loss of trade receivables	**1,051**	86
Written back of trade payables	**–**	8
Written back of other payables and accruals	**–**	8,071
Written off of property, plant and equipment	**–**	(2,136)
Written off of intangible assets	**–**	(500)
Sundry income	**1,140**	408
Write-down of inventories	**(16)**	(91)
Exchange loss, net	**(82)**	–
	2,095	5,846

Note: There are no unfulfilled conditions or other contingencies attaching to these subsidies. All government subsidies have been received during the year. The Group did not benefit from other forms of government assistance.

9. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest on lease liabilities	**42**	54
Interest on other borrowing	**682**	680
Interest on bond payable	**43**	–
	767	734

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Discontinued operation		
Interest on other loans	**769**	708

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10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2020	2019
	HK$'000	*HK$'000* (Restated and re-presented)
Continuing operations		
Cost of inventories recognised as expenses	**18,264**	–
Auditors' remuneration		
– for the year	**2,140**	1,249
– under-provision for prior year	**197**	–
Depreciation of property, plant and equipment*	**436**	867
Depreciation of right-of-use assets*	**951**	646
Exchange loss, net	**387**	34
Loss on written off of property, plant and equipment	**27**	–
Reversal of provision for directors' remuneration in prior years	**(913)**	(1,410)
Staff costs (including Directors' emoluments – Note 14):		
– Salaries and wages	**7,601**	8,501
– Defined contribution scheme	**171**	342
	7,772	8,843

* Included in administrative expenses

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10. LOSS BEFORE INCOME TAX *(Continued)*

Discontinued operation – Forestry and Agricultural Business

During the year, the Group disposed of Green Resources Group and the Other Disposed Company, which were engaged in the Forestry and Agricultural Business except a subsidiary which was engaged in investment holding. Details of the disposals were set out in note 41. The revenue, results and cash flows of the Forestry and Agricultural Business from 1 January 2020 and up to the disposal dates were as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Revenue	**–**	30,156
Expenses	**(4,133)**	(24,875)
(Loss)/profit before gain on disposal of subsidiaries and income tax	**(4,133)**	5,281
Gain on disposal of subsidiaries	**3,292**	–
(Loss)/profit before income tax from the discontinued operation	**(841)**	5,281
Income tax	**–**	(467)
(Loss)/profit for the year from discontinued operation	**(841)**	4,814
Operating cash inflow	**12,849**	276
Investing activities	**–**	–
Financing cash outflow	**(13,334)**	–
Total cash (outflows)/inflows	**(485)**	276

The carrying amounts of the assets and liabilities of the Green Resources Group and the Other Disposed Company at the dates of disposal are disclosed in note 41.

An aggregate gain from discontinued operation of HK$3,292,000 arose on the disposals, being the proceeds of the disposals less the carrying amount of the subsidiaries' net assets attributable to the Group. No tax charge or credit arose from the disposals.

For the purpose of presenting discontinued operation, the comparative consolidated statement of profit or loss and consolidated statement of other comprehensive income and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

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11. INCOME TAX

The amount of income tax in the consolidated statement of profit or loss represents:

	2020 HK$'000	2019 HK$'000 (Re-presented)
Continuing operations		
Current tax		
Current – Hong Kong	**34**	–
Current – PRC	**663**	–
	697	–
Discontinued operation		
Current tax		
Current – Hong Kong	**–**	467
	697	467

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Enterprise Income Tax Law of the PRC, the Enterprise Income Tax has been provided at the rate of 25% during the year (2019: Nil).

Under the Cambodian Law on Taxation, the Cambodian corporate income tax ("CCIT") is calculated at a rate of 20%. CCIT has not been provided as the Group did not generate any assessable profits arising in Cambodia during the both years.

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11. INCOME TAX *(Continued)*

The income tax for the year can be reconciled to the loss before income tax per the consolidated statement of profit or loss as follows:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax	**(18,828)**	(13,528)
Tax calculated at the applicable tax rate of 16.5% (2019: 16.5%)	**(3,107)**	(2,232)
Effect of different tax rates	**429**	(82)
Tax effect of income not taxable for tax purpose	**(656)**	(371)
Tax effect of expenses not deductible for tax purposes	**1,381**	4,224
Tax effect of temporary differences not recognised	**94**	–
Effect of tax losses not recognised	**2,556**	365
Utilisation of tax losses previously not recognised	**–**	(1,437)
Income tax	**697**	467

The Group had deferred tax assets not recognised in respect of tax losses available for offsetting future assessable profits and accelerated depreciation in respective jurisdiction as follows:

	2020	2019
	HK$'000	*HK$'000*
Tax losses		
– Hong Kong	**450**	65,474
– Kingdom of Cambodia ("Cambodia")	**–**	20,308
	450	85,782

The tax losses in Hong Kong could be carried forward with an infinity period. The tax losses in Cambodia could be carried forward for a period of five years from the year in which the losses arose. The entity carrying tax losses in Cambodia has been disposed of during the year.

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12. DIVIDENDS

The Directors do not recommend any dividend for the year ended 31 December 2020 (2019: Nil).

13. LOSS PER SHARE

From continuing and discontinued operations

The calculation of basic loss per share is based on:

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(29,918)**	(19,538)
Number of share *(in '000)*		
Weighted average number of ordinary shares for the purpose of basic loss per share	**15,585**	14,767

The weighted average number of ordinary shares for the purpose of basic losses per share has been adjusted for the consolidation of every eight existing ordinary shares of HK$0.01 each into one consolidated ordinary share of HK$0.08 each after the end of the reporting period in February 2021 as if effective since 1 January 2019.

From continuing operations

The calculation of basic loss per share from continuing operations is based on:

	2020	2019
	HK$'000	*HK$'000*
		(Restated and re-presented)
Loss for the year attributable to owners of the Company from continuing operations for the purpose of basic loss per share	**(7,677)**	(17,554)
Number of share *(in '000)*		
Weighted average number of ordinary shares for the purpose of basic loss per share	**15,585**	14,767

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13. LOSS PER SHARE *(Continued)*

From discontinued operation

Basic loss per share from the discontinued operation is HK142.7 cents (2019: HK13.4 cents), based on the loss for the year from discontinued operation attributable to the owners of the Company of HK$22,241,000 (2019: HK$1,984,000) and the denominators detailed above for basic loss per share.

20,757,500 shares were issued and held under the Share Award Scheme. As no award has been granted to any eligible person under the Share Award Scheme as at 31 December 2020 and 2019, the shares held under the Share Award Scheme are excluded from the computation of the weighted average number shares for the year ended 31 December 2020 and 2019 when calculating the basic loss per share.

No adjustment has been made to the basic loss per share for the year ended 31 December 2019 in respect of a dilution, as the impact of the share options outstanding had an anti-dilutive effect. There was no potential dilutive ordinary shares for the year ended 31 December 2020.

14. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the Directors were as follows:

	Fees *HK$'000*	Salaries, allowance and other benefits *HK$'000*	Defined contribution scheme *HK$'000*	Total *HK$'000*
For the year ended 31 December 2020				
Executive directors				
Chan Ching Hang (resigned on 10 September 2020)	–	492	12	504
He Xuemei (appointed on 4 May 2020)	64	–	–	64
Non-executive director				
He Lamei (appointed on 29 April 2020)	96	–	–	96
Independent non-executive directors				
Pang King Sze, Rufina	225	–	–	225
Hong Bingxian	106	–	–	106
Huang Zhe (appointed on 29 April 2020)	64	–	–	64
Cheung Yin Keung (retired on 30 June 2020)	30	–	–	30
	585	492	12	1,089

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14. DIRECTORS' EMOLUMENTS *(Continued)*

	Fees *HK$'000*	Salaries, allowance and other benefits *HK$'000*	Defined contribution scheme *HK$'000*	Total *HK$'000*
For the year ended 31 December 2019				
Executive directors				
Chan Ching Hang	–	756	18	774
Zeng Lingchen (retired on 31 May 2019)	–	90	–	90
Independent non-executive directors				
Pang King Sze, Rufina	120	–	–	120
Hong Bingxian	120	–	–	120
Cheung Yin Keung (appointed on 10 April 2019)	69	–	–	69
Hung Kenneth (resigned on 10 April 2019)	30	–	–	30
	339	846	18	1,203

No emolument has been paid to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

15. THE FIVE HIGHEST PAID INDIVIDUALS

The five individuals with the highest emoluments in the Group, one (2019: one) was Director whose emolument are included in the disclosures in Note 14 above. The emoluments of the remaining four (2019: four) individuals were as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Salaries and other emoluments	**5,346**	8,789
Defined contribution scheme	**150**	336
	5,496	9,125

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15. THE FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The number of the highest paid non-Directors fell within the following emolument band:

	2020 **Number of individuals**	2019 *Number of individuals*
HK$5,000,001 to HK$5,500,000	**–**	1
HK$1,000,001 to HK$1,500,000	**2**	–
Nil to HK$1,000,000	**2**	3

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings *HK$'000*	**Constructed roads** *HK$'000*	**Motor vehicles** *HK$'000*	**Plant, machinery and equipment** *HK$'000*	**Leasehold improvements** *HK$'000*	**Furnishing** *HK$'000*	**Total** *HK$'000*
31 December 2020							
At 1 January 2020							
Cost	**4,854**	**24,043**	**2,657**	**21,612**	**363**	**–**	**53,529**
Accumulated depreciation and impairment	**(4,854)**	**(24,043)**	**(2,657)**	**(17,798)**	**(230)**	**–**	**(49,582)**
Net carrying amount	**–**	**–**	**–**	**3,814**	**133**	**–**	**3,947**
At 1 January 2020, net of accumulated depreciation and impairment	**–**	**–**	**–**	**3,814**	**133**	**–**	**3,947**
Additions	**–**	**–**	**–**	**–**	**42**	**–**	**42**
Transfer (out)/in	**–**	**–**	**–**	**(2,483)**	**–**	**2,483**	**–**
Disposal of subsidiaries *(Note 41)*	**–**	**–**	**–**	**(948)**	**(53)**	**–**	**(1,001)**
Written off	**–**	**–**	**–**	**–**	**(27)**	**–**	**(27)**
Depreciation provided during the year	**–**	**–**	**–**	**(383)**	**(53)**	**–**	**(436)**
At 31 December 2020, net of accumulated depreciation and impairment	**–**	**–**	**–**	**–**	**42**	**2,483**	**2,525**
At 31 December 2020							
Cost	**–**	**–**	**–**	**–**	**42**	**2,483**	**2,525**
Accumulated depreciation and impairment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net carrying amount	**–**	**–**	**–**	**–**	**42**	**2,483**	**2,525**

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16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings *HK$'000*	Constructed roads *HK$'000*	Motor vehicles *HK$'000*	Plant, machinery and equipment *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
31 December 2019						
At 1 January 2019						
Cost	4,854	24,043	2,657	22,010	257	53,821
Accumulated depreciation and impairment	(4,854)	(24,043)	(2,657)	(16,204)	(203)	(47,961)
Net carrying amount	–	–	–	5,806	54	5,860
At 1 January 2019, net of accumulated depreciation and impairment	–	–	–	5,806	54	5,860
Additions	–	–	–	1,738	106	1,844
Written off	–	–	–	(2,136)	–	(2,136)
Depreciation provided during the year	–	–	–	(1,594)	(27)	(1,621)
At 31 December 2019, net of accumulated depreciation and impairment	–	–	–	3,814	133	3,947
At 31 December 2019						
Cost	4,854	24,043	2,657	21,612	363	53,529
Accumulated depreciation and impairment	(4,854)	(24,043)	(2,657)	(17,798)	(230)	(49,582)
Net carrying amount	–	–	–	3,814	133	3,947

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17. LEASES

The Group as a lessee

The Group has lease contracts for its warehouse and office premises used in its operations. The leases generally have non-cancellable lease period of one year with an extension option of one more year.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office premises *HK$'000*	**Warehouse** *HK$'000*	**Total** *HK$'000*
At 1 January 2019	–	–	–
Additions	2,525	–	2,525
Depreciation	(646)	–	(646)
At 31 December 2019 and 1 January 2020	1,879	–	1,879
Additions	–	110	110
Depreciation	(928)	(23)	(951)
Lease modification	(951)	–	(951)
At 31 December 2020	–	87	87

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17. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movement during the year as follows:

	2020 ***HK$'000***	2019 *HK$'000*
At 1 January	**1,900**	–
Inception of new leases	**110**	2,525
COVID-19-Related rent concessions	**(290)**	–
Accretion of interest recognised during the year	**42**	54
Payments	**(785)**	(679)
Lease modification	**(889)**	–
At 31 December	**88**	1,900
Analysed into:		
Current portion	**88**	1,263
Non-current portion	**–**	637
	88	1,900

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 ***HK$'000***	2019 *HK$'000*
Interest on lease liabilities	**42**	54
Depreciation of right-of-use assets	**951**	646
COVID-19-Related rent concessions	**(290)**	–
Lease modification	**(62)**	–
Expense relating to short-term leases	**208**	94

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18. INTANGIBLE ASSETS

	Timber Logging Right *HK$'000*	Trading right *HK$'000*	Total *HK$'000*
31 December 2020			
At 1 January 2020	896,932	–	897,432
Accumulated amortisation and impairment	(896,932)	–	(897,432)
Net carrying amount	–	–	–
At 1 January 2020, net of accumulated amortisation and impairment	–	–	–
Disposal of subsidiaries	–	–	–
At 31 December 2020, net of accumulated amortisation and impairment	–	–	–
At 31 December 2020			
Cost	–	–	–
Accumulated amortisation and impairment	–	–	–
Net carrying amount	–	–	–
31 December 2019			
At 1 January 2019	896,932	500	897,432
Accumulated amortisation and impairment	(896,932)	–	(896,932)
Net carrying amount	–	500	500
At 1 January 2019, net of accumulated amortisation and impairment	–	500	500
Written off	–	(500)	(500)
At 31 December 2019, net of accumulated amortisation and impairment	–	–	–
At 31 December 2019			
Cost	896,932	–	896,932
Accumulated amortisation and impairment	(896,932)	–	(896,932)
Net carrying amount	–	–	–

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18. INTANGIBLE ASSETS *(Continued)*

(a) Timber logging rights

The Timber Logging Rights with a tenure of 70 years were acquired by the Group between 2007 and 2010. In July 2015, the Royal Government of Cambodia (the "Cambodian Government") issued a notification that the period of the Timber Logging Rights will be reduced from 70 years to 50 years. Since no new investment contract was entered into between the Group and the Cambodian Government as at 31 December 2019, the Directors sought a legal opinion and considered that the tenure of the Timber Logging Rights remained unchanged.

On 25 November 2020, the Group entered into a sale agreement to dispose of Green Resources Group, which was engaged in the Forestry and Agricultural Business. The disposal was completed on 30 November 2020, the date on which the control of Green Resources Group passed to the acquirer. With disposal of the subsidiary, the Timber Logging Right was transferred to the acquirer.

The Group uses the "unit of production method" as the amortisation method. Since the Timber Logging Rights were fully impaired as at 31 December 2017 and the recoverable amount of the Timber Logging Rights remained to be of no commercial value as at 31 December 2019 (as detailed below), no amortisation was provided since then.

At the end of each reporting period, the Directors have assessed the impairment of the Timber Logging Rights whenever there is an indication that the Timber Logging Rights may be impaired.

Impairment of the Timber Logging Rights as at 31 December 2019

In the prior year, the Directors engaged Peak Vision Appraisals Limited, an independent professional valuer (the "Valuer"), to determine the recoverable amount of the Timber Logging Rights as at 31 December 2019. Based on the valuation report dated 25 March 2020 (the "2019 IA Valuation Report"), the recoverable amount of the Timber Logging Rights as at 31 December 2019 remained to be of no commercial value (even though there is a slight increase in the future estimated selling prices of the agricultural products).

Apart from the key assumptions further disclosed below, the timber volume was one of the key assumptions used in the valuation of the Timber Logging Rights as at 31 December 2019. The estimated timber volume in 2019 was derived by the management with reference to (i) the volume and condition of timber in the forests underlying the Timber Logging Rights determined by a professional tree expert as at 31 December 2017, and (ii) the internal records of timber movements during the years ended 31 December 2019.

Such assessment of the recoverable amount of the Timber Logging Rights was based on the valuation performed by the Valuer and for the year ended 31 December 2019, the Valuer had consistently used the excess earning method under the income approach which valued the Timber Logging Rights based on the discounted cash flows derived therefrom.

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18. INTANGIBLE ASSETS *(Continued)*

(a) Timber logging rights *(Continued)*

Impairment of the Timber Logging Rights as at 31 December 2019 *(Continued)*

Key assumptions used in the valuation extracted from the 2019 IA Valuation Report. The following were key assumptions used in the valuation of the Timber Logging Rights as at 31 December 2019 on which the management has based its cash flow projections to assess the impairment of the Timber Logging Rights:

	2019
Estimated selling price of Timber:	
Grade 1	US$740 per m^3
Grade 2	US$710 per m^3
Grade 3	US$370 per m^3
Estimated selling price of latex	US$1.21 per kg
Growth rate:	
Revenue	3.47%
Cost	2.83%
Tree volume	0.73%
Discount rate	16.3%
Inflation rate	1.11%
Concession period	70 years

The weighted average revenue growth rate and cost growth rate used were based on the industry research. The discount rate used was pre-tax that reflected current market assessments of the time value of money and the specific risks related to the relevant segment.

Pursuant to the 2019 IA Valuation Report, the valuation based on the excess earnings method under the income approach and based on observable inputs (e.g. (i) market prices of the agricultural produce; and (ii) interest rate by reference to the Economic and Monetary Statistics published by the National Bank of Cambodia, etc.) and taking into account the projected timber output amount based on the business plan.

(b) Trading rights

The non-transferrable trading right on the Stock Exchange is considered to have an indefinite useful life and is tested for impairment at the end of each reporting period. Upon the cessation of the securities business of the Group's licensed corporation in the Financial Services Business during 2019, the trading right will be forfeited and was written off as at 31 December 2019.

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19. INVESTMENTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Share of net assets	–	12,584

Name of associate	Place of incorporation/ registration and operations	Percentage of ownership interests/voting rights/ profit share 2020	2019	Principal activities
Violet Garden Limited ("VG")	Independent State of Samoa ("Samoa")	–	49%	Investment holding

VG was considered as a material associate of the Group during the current and prior years.

On 30 November 2020, the Group lost significant influence over the associates through the disposal of a subsidiary within the Green Resources Group.

The following table illustrates the summarised financial information in respect of VG adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2020 HK$'000	2019 HK$'000
Current assets	–	42,412
Current liabilities	–	(22,572)
Net assets	–	19,840

	2020 HK$'000	2019 HK$'000
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	–	49%
Carrying amount of the investment	–	9,722
Revenue	–	–
(Loss)/profit for the year	(739)	195
Total comprehensive income for the year	(739)	195
Share of VG's (loss)/profit for the year	(361)	95
Share of VG's total comprehensive income	(361)	95

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19. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 **HK$'000**	2019 *HK$'000*
Share of the associates' profit/(loss) for the year	**290**	(908)
Share of the associates' total comprehensive income	**290**	(908)
Aggregate carrying amount of the Group's investment in the associates	**–**	2,862

20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 **HK$'000**	2019 *HK$'000*
Listed shares suspended for trading, at fair value	**903**	–

The equity investments were for medium-term investment purpose and were designated by the Group as equity investments at FVTOCI. During the year, the Group recognised a fair value loss of approximately HK$10,000 (2019: Nil) in other comprehensive income. The Group did not receive any dividend income from the listed equity investments.

21. INVENTORIES

	2020 **HK$'000**	2019 *HK$'000*
Finished goods	**1,002**	151

At 31 December 2020, no inventories of the Group were written down to their net realisable values (2019: HK$458,000). During the year, a write-down of inventories of HK$16,000 (2019: HK$91,000) were recognised in other income, gains or losses.

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22. TRADE RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**9,779**	13,723
Less: Impairment allowances	**–**	(1,051)
	9,779	12,672
Trade receivables arising from the Plantation and Household Business (2019: the Forestry and Agricultural Business)		
Other clients	**–**	100
Less: Impairment allowances	**–**	(100)
	–	–
	9,779	12,672

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 60–90 days (2019: 60–150 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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22. TRADE RECEIVABLES *(Continued)*

The ageing analysis of the Group's trade receivables at the end of each reporting period, based on invoice date and net of impairment allowances, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**2,981**	–
More than 1 month but within 2 months	**2,277**	4,645
More than 2 months but within 3 months	**987**	4,201
More than 3 months but within 6 months	**2,188**	3,826
More than 6 months but within 1 year	**1,346**	–
	9,779	12,672

The movements in impairment allowances for trade receivables during the year are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**1,151**	7,955
Reversal of impairment	**(1,051)**	(86)
Disposal of subsidiaries	**(100)**	–
Amount written off as uncollectible	**–**	(6,718)
At 31 December	**–**	1,151

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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22. TRADE RECEIVABLES *(Continued)*

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Not yet past due	Past due within 1 year	Past due over 1 year	Total
As at 31 December 2020				
ECL rate	**0%**	**0%**	**100%**	
Gross carrying amounts *(HK$'000)*	**5,762**	**4,017**	**–**	**9,779**
ECLs *(HK$'000)*	**–**	**–**	**–**	**–**
As at 31 December 2019				
ECL rate	5%	10%	100%	
Gross carrying amounts *(HK$'000)*	7,282	6,393	48	13,723
ECLs *(HK$'000)*	364	639	48	1,051

23. LOAN AND INTEREST RECEIVABLES

The loans receivables represented outstanding loans arose from the Financial Services Business, which were unsecured, interest-bearing at fixed rates, and with credit periods mutually agreed between the contracting parties. Overdue balances are reviewed regularly and handled closely by senior management.

	2020 **HK$'000**	2019 *HK$'000*
Loans receivables	**–**	15,000
Interest receivables	**–**	363
	–	15,363

As at 31 December 2019, all loans and interest receivables were due from the borrowers within one year and were classified as current assets.

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23. LOAN AND INTEREST RECEIVABLES *(Continued)*

The aging analysis of loans and interest receivables at the end of each reporting period was prepared based on contractual due date and is set out below:

	2020	2019
	HK$'000	*HK$'000*
Not yet past due	**–**	15,363

ECL was recognised in two stages. For credit exposures of which there had been a significant increase in credit risk since initial recognition, ECL was provided for credit losses that result from default events that were possible within the next 12-months (a 12-month ECL). For those credit exposures of which there had been a significant increase in credit risk since initial recognition, a loss allowance was required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At 31 December 2019, the Group assessed whether the credit risk on a financial instrument had increased significantly since initial recognition. When making the assessment, the Group compared the risk of a default occurring on the financial instrument as at 31 December 2019 with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that was available without undue cost or effort, including historical and forward-looking information.

In the opinion of the Directors, according to the assessment of impairment of ECL, the probability of default and the loss given default were estimated to be minimal as at 31 December 2019.

24. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Listed equity investments, at fair value	**–**	608

The equity investments were held for trading purpose and were designated by the Group as equity investments at FVTPL. During the year, the Group realised these investments and a fair value loss of HK$90,000 (2019: HK$238,000) was recognised in profit or loss.

25. DEBT INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Convertible Bond Receivable, at fair value	**650**	3,853

In 2017, the Company subscribed the Convertible Bond Receivable with a principal amount of HK$4,001,000 issued by an independent third party (the "CB Issuer") which bears interest at 1.5% per annum and is convertible into the 626,742 ordinary shares of the CB Issuer at a conversion price of HK$6.38381 per share. During the year, the Group recognised a fair value loss of approximately HK$3,203,000 (2019: HK$130,000) in profit or loss.

During the year, the conversion option was matured and the Convertible Bond Receivable was in default. In the opinion of Directors, the principal amount is not expected to be settled within twelve months and therefore the carrying amount has been classified as non-current asset.

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26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSET

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Prepayments *(note (b))*	**2,813**	3,221
Deposits and other receivables	**438**	5,250
Amount due from an associate *(note (a))*	**–**	11,142
	3,251	19,613
Less: Impairment allowances *(note (c))*	**(218)**	(608)
	3,033	19,005
Analysed into:		
Current portion	**533**	19,005
Non-current portion	**2,500**	–
	3,033	19,005

Notes:

(a) The amount due from an associate was unsecured, interest-free and repayable upon three-month demand notice.

(b) Included in prepayments as at 31 December 2020 was an amount of HK$2,500,000 prepaid by the Group for setting up a company with another investor by mid of year 2022.

(c) At 31 December 2020, impairment allowances of HK$218,000 (2019: HK$608,000) were provided against the other receivables.

27. CASH HELD ON BEHALF OF CUSTOMERS

As at 31 December 2019, the Group maintains segregated trust accounts with authorised institutions to hold clients' monies arising from its Financial Services Business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets and has recognised the corresponding trade payables (note 29) to respective clients on grounds that it is liable for any loss or misappropriation of clients' monies. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

No cash held on behalf of customers as at 31 December 2020.

28. BANK BALANCES AND CASH

At 31 December 2019, the Group's cash and bank balances denominated in RMB amounted to approximately HK$11,000. The RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks which are authorised to conduct foreign exchange business. No cash and bank balances were denominated in RMB as at 31 December 2020.

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29. TRADE PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables arising from the Plantation and Household Business	**8,936**	–
Trade payables arising from the Financial Services Business	**–**	6
	8,936	6

The ageing analysis of trade payables at the end of the reporting period, based on invoice dates, was as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**3,720**	–
More than 1 month but within 2 months	**2,846**	–
More than 2 months but within 3 months	**2,240**	–
More than 3 months but within 6 months	**130**	–
Over 1 year	**–**	6
	8,936	6

30. OTHER PAYABLES AND ACCRUALS

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Accrual wage and staff benefit	**331**	942
Other accruals	**4,640**	1,838
	4,971	2,780
Other payables	**2,677**	23,312
	7,648	26,092

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31. OTHER BORROWING

	Effective interest rate %	2020 HK$'000	2019 HK$'000
Other borrowing – unsecured	8.5	**8,106**	8,106
Analysed into:			
Repayable within one year or on demand		**8,106**	8,106

The amount represents a loan from a financial institution with principal amount of HK$8,000,000, interest-bearing at 8.5% per annum and repayable in May 2019.

Due to the claim by the lender that the other borrowing had become due and payable in May 2019, the lender filed a suit in the Court to demand immediate repayment from the Group.

32. OTHER LOANS

	2020 HK$'000	2019 HK$'000
Unsecured		
Shareholders' loan *(note (a))*	**–**	17,610
Other loans *(note (b))*	**10,757**	–
	10,757	17,610

Notes:

(a) In October 2016, the relevant shareholders of the Forestry and Agricultural Business provided a working capital loan facility up to HK$51,750,000 for carrying out timber logging activities. Such working capital loan is unsecured and interest-free, of which HK$22,763,000 has been drawn down by the Group as at 31 December 2019. The loan has an original term of 10 years. In the event that there remains any outstanding loan payable upon its expiry, the term of the loan will be extended for another 10 years and the terms will remain unchanged. As at 31 December 2019, the present value of such working capital loan was HK$17,610,000.

The loan was provided from a minority shareholder of the Forestry and Agricultural Business. The loan will be repaid under the conditions that profit has been generated from Forestry and Agricultural Business and there was sufficient working capital within 20 years or as the loan agreement expired in 20 years. As such, the Directors considered that it was appropriate to classify the loan as non-current liabilities as at 31 December 2019.

(b) The loans with carrying amount of HK$8,909,000 and HK$1,848,000 are interest-bearing at 5% and 8% per annum and repayable on April 2022 and May 2023 respectively.

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33. BOND PAYABLE

	Effective interest rate %	2020 HK$'000	2019 HK$'000
Perpetual bond	2.21	**25,343**	–

A total of US$3.23 million (equivalent to HK$25,000,000) perpetual bond with principal amount subject to contingent settlement provisions with certain specific uncertain events that are beyond the control of the Company and the holder, was issued by the Company on 28 April 2020. The bond is perpetual, non-redeemable in the first 10 years (with right to early redeem at tenth anniversary and/or the twentieth anniversary by the issuer) and entitle the holder to receive distributions at a distribution rate of 1% + U.S. 30 years government treasury bond per annum from 28 April 2020 and fixed at 1.207% from 28 April 2022.

34. SHARE CAPITAL

	2020			2019	
	Number	**Amount** *HK$'000*	*Notes*	Number	Amount *HK$'000*
Authorised:					
At 1 January	**20,000,000,000**	**200,000**		4,000,000,000	200,000
Share consolidation	**–**	**–**	(b)	(3,500,000,000)	–
Capital reduction	**–**	**–**	(c)(i)	–	(195,000)
Capital increase	**–**	**–**	(c)(ii)	19,500,000,000	195,000
At 31 December	**20,000,000,000**	**200,000**		20,000,000,000	200,000
Issued and fully paid:					
At 1 January	**145,440,151**	**1,455**		831,261,212	41,563
Share subscription	**–**	**–**	(a)	166,200,000	8,310
Share consolidation	**–**	**–**	(b)	(872,778,561)	–
Capital reorganisation – capital reduction	**–**	**–**	(c)(i)	–	(48,626)
Conversion into shares held under Share Award Scheme	**–**	**–**	(d)	20,757,500	208
At 31 December	**145,440,151**	**1,455**		145,440,151	1,455

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34. SHARE CAPITAL *(Continued)*

Notes:

(a) On 12 April 2019, the Company entered into a subscription agreement with a subscriber, an independent third party, pursuant to which, the subscriber agreed to subscribe (the "Share Subscription") for 166,200,000 subscription shares (or 20,775,000 Subscription Shares as adjusted for the Share Consolidation (as defined below)) at the subscription price of HK$0.05 per subscription share (or HK$0.4 as adjusted by the Share Consolidation). The Share Subscription was completed on 26 April 2019, with gross proceeds amounting to HK$8,310,000.

(b) On 17 May 2019, a share consolidation (the "Share Consolidation") on the basis that every eight issued and unissued existing shares were consolidated into one consolidated share of HK$0.4 each became effective. The Share Consolidation was approved by independent shareholders at the special general meeting held on 16 May 2019.

(c) On 3 July 2019, the Company effected a capital reorganisation (the "Capital Reorganisation") involving the capital reduction, the capital increase, the reduction of share premium and the application of contributed surplus to set off against accumulated losses. The Capital Reorganisation was approved by independent shareholders at the special general meeting on 2 July 2019. Details of which are as follows:

(i) Capital reduction

This involves (i) the reduction of the nominal value of each then issued share from HK$0.4 each (after taken into account the effect of the Share Consolidation) to HK$0.01 each by cancelling the paid up capital of the Company, which resulted in a reduction of issued and paid up capital of the Company from approximately HK$49,873,000 divided into 124,682,551 shares of par value of HK$0.4 each to approximately HK$1,247,000 divided into 124,682,551 shares of par value of HK$0.01 each; and (ii) the reduction of the authorised share capital of the Company from par value of HK$0.40 each to HK$0.01 each, which resulted in the authorised share capital of the Company being reduced from HK$200,000,000 divided into 500,000,000 shares of par value of HK$0.40 each to HK$5,000,000 divided into 500,000,000 shares of par value of HK$0.01 each. The credit arising from such capital reduction of approximately HK$48,626,000 was transferred to the contributed surplus.

(ii) Capital increase

This involves the increase of the authorised share capital of the Company from HK$5,000,000 divided into 500,000,000 new shares to HK$200,000,000 divided into 20,000,000,000 new shares.

(d) In August 2019, the then convertible bond was converted into 20,757,500 shares (as adjusted for the Share Consolidation) of the Company (the "Conversion Shares").

As at 31 December 2019 and 31 December 2020, the Conversion Shares were held by the a trustee (the "Trustee") under the share award scheme and no award has been granted to any eligible person under the share award scheme as at 31 December 2019 and 31 December 2020. Therefore, the Conversion Shares held under the share award scheme are accounted for in the "Shares held for Share Award Scheme" account as at 31 December 2020 and 2019.

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35. SHARE OPTION SCHEME

In June 2011, pursuant to an ordinary resolution passed by the shareholders of the Company, the Company adopted a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Company to grant share options (the "Share Options") to eligible participants in order to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group. Under the Share Option Scheme, options may be granted to any employees and Directors and its subsidiaries to subscribe for the Shares.

The total number of shares in respect of which Share Options may be granted under the Share Option Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time, the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Share Options granted to independent non-executive Directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders. Subject to the terms of the Share Option Scheme, the Share Option may be exercised in whole or in part at any time during the period to be determined and identified by the board of Directors to each grantee at the time of making an offer for the grant of the Share Option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

The Company granted 9,663,409 and 727,353 Share Options (adjusted for the Share Consolidation) on 10 November 2017 and 13 November 2017, respectively, under the Share Options Scheme to their directors, employees, consultants and co-operators for a term of 2 years, in which 1,350,797 Share Options (adjusted for the Share Consolidation) were granted to the Directors.

The consideration of HK$10 is payable on the grant date of the Share Options. The Share Options may be exercised during the validity and exercise period of two years from the date of grant. The exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

No Share Options has been granted to any employee, director and consultants and co-operators during the year.

All of the Share Options have been lapsed or cancelled in November 2019 and no Share Options are outstanding as at 31 December 2019 and 31 December 2020.

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35. SHARE OPTION SCHEME *(Continued)*

Details of specific categories and the outstanding Share Options during the year ended 31 December 2019 are as follows:

Name and category of participant	Exercise period	Outstanding as at 1 January 2019 *(note (a))* *HK$*	Granted during the year *HK$*	Cancelled/ Lapsed during the year *(note (a))* *HK$*	Outstanding as at 31 December 2019 *HK$*	Fair value at the grant date *(note (a))* *HK$*	Exercise price at the grant date *(note (a))* *HK$*
Executive director							
Mr. Chan Ching Hang	10 November 2017 to 9 November 2019	1,039,076	–	(1,039,076)	–	0.474	0.792
Independent non-executive director							
Mr. Hong Bingxian	10 November 2017 to 9 November 2019	103,907	–	(103,907)	–	0.474	0.792
Mr. Hung Kenneth	10 November 2017 to 9 November 2019	103,907	–	(103,907)	–	0.474	0.792
Ms. Pang King Sze, Rufina	10 November 2017 to 9 November 2019	103,907	–	(103,907)	–	0.474	0.792
Employee	10 November 2017 to 9 November 2019	2,078,153	–	(2,078,153)	–	0.474	0.792
	13 November 2017 to 12 November 2019	519,538	–	(519,538)	–	0.474	0.792
Consultants and co-operators	10 November 2017 to 9 November 2019	6,234,459	–	(6,234,459)	–	0.474	0.792
	13 November 2017 to 12 November 2019	207,815	–	(207,815)	–	0.474	0.792
		10,390,762	–	(10,390,762)	–		

Notes:

(a) The fair value and exercise price at the grant date and the number of Share Options were adjusted for the Share Consolidation (note 34(b)).

(b) 10,390,762 Share Options were lapsed and cancelled during the year ended 31 December 2019 and accordingly, the share option reserve of HK$4,930,000 were directly transferred to the retained earnings.

(c) Mr. Hung Kenneth resigned as an independent non-executive Director on 10 April 2019.

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36. RESERVES

Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value less the premium applied in share reduction (note 34(c)(i)). The application of the share premium account is governed by Bye-Law 140(A) of the Company's Bye-Laws and the Companies Act 1981 of Bermuda (the "Companies Act").

Shares held for Share Award Scheme

	2020		2019	
	Number	**Amount** *HK$'000*	Number	Amount *HK$'000*
At 1 January	**20,757,500**	**5,501**	–	–
Conversion into shares held under Share Award Scheme *(Note)*	**–**	**–**	20,757,500	5,501
At 31 December	**20,757,500**	**5,501**	20,757,500	5,501

Note: In August 2019, the then convertible bond was converted by the Trustee into 20,757,500 Shares.

Subsequent to the end of the reporting period in January 2021, the Company cancelled entire 20,757,500 shares held under Share Award Scheme.

Contributed surplus

The contributed surplus represents the credit arising from the Capital Reorganisation in July 2019, of which was applied and utilised to set off against accumulated losses of the Company.

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36. RESERVES *(Continued)*

Other reserve

As at 31 December 2019, other reserve of HK$9,889,000 represented loss on deemed disposal of equity interests in certain subsidiaries in the Forestry and Agricultural Business which did not result in a loss of control on these subsidiaries in prior years. Upon the disposal of these subsidiaries during the year (note 41), such amount was transferred to accumulated losses during the current year.

Share option reserve

The share option reserve comprises the portion of grant date fair value of unexercised Share Options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.

Fair value reserve (non-recycling)/(recycling)

The fair value reserve (non-recycling)/(recycling) comprises the cumulative net changes in the fair value of equity/debt instruments designated as measured at FVTOCI in accordance with the accounting policy adopted for equity/debt instruments designated at FVTOCI.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy adopted for foreign currencies.

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37. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**2020** **HK$'000**	2019 *HK$'000* (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**–**	3,947
Investments in subsidiaries	*38*	**24**	74
Investments in associates		**–**	135
Right-of-use asset		**–**	537
Equity investments at fair value through other comprehensive income		**903**	–
		927	4,693
Current assets			
Equity investments at fair value through profit or loss		**–**	608
Prepayments, other receivables and other assets		**453**	936
Amounts due from subsidiaries		**–**	137,052
Cash and bank balances		**75**	2,749
		528	141,345
Current liabilities			
Other payables and accruals		**7,085**	3,598
Other borrowing		**8,106**	8,106
Bond payable		**25,343**	–
Amounts due to subsidiaries		**3,407**	95,859
Lease liability		**–**	507
		43,941	108,070
Net current (liabilities)/assets		**(43,413)**	33,275
Total assets less current liabilities		**(42,486)**	37,968
Non-current liabilities			
Other loans		**10,757**	–
Bond payable		**–**	25,000
Lease liability		**–**	44
		10,757	25,044
Net (liabilities)/assets		**(53,243)**	12,924
CAPITAL AND RESERVES			
Share capital		**1,455**	1,455
Reserves	*37(i)*	**(54,698)**	11,469
Total (deficit)/equity		**(53,243)**	12,924

On behalf of the Directors:

He Xuemei	**Pang King Sze Rufina**
Director	*Director*

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37. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION *(Continued)*

Note:

A summary of the Company's reserves is as follows:

(i) Movements in reserves

	Share premium HK$'000	Share held for Share Award Scheme HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Fair value reserve HK$'000	(Accumulated losses)/ Retained earnings HK$'000	Total HK$'000
Balance at 1 January 2019	265,213	–	–	4,930	–	(290,707)	(20,564)
Prior year adjustment *(note 3.4)*	–	–	–	–	–	834	834
Balance at 1 January 2019 (restated)	265,213	–	–	4,930	–	(289,873)	(19,730)
Loss and total comprehensive income for the year (restated)	–	–	–	–	–	(17,219)	(17,219)
Cancellation and lapse of share option	–	–	–	(4,930)	–	4,930	–
Conversion into shares held under Share Award Scheme	5,293	(5,501)	–	–	–	–	(208)
Capital Reorganisation							
– Capital reduction	–	–	48,626	–	–	–	48,626
– Reduction of share premium	(265,213)	–	265,213	–	–	–	–
– Application of contributed surplus to set off against accumulated losses	–	–	(313,839)	–	–	313,839	–
Balance at 31 December 2019 and 1 January 2020	**5,293**	**(5,501)**	**–**	**–**	**–**	**11,677**	**11,469**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(66,157)**	**(66,157)**
Fair value loss of equity investments at FVTOCI	**–**	**–**	**–**	**–**	**(10)**	**–**	**(10)**
Balance at 31 December 2020	**5,293**	**(5,501)**	**–**	**–**	**(10)**	**(54,480)**	**(54,698)**

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38. SUBSIDIARIES

Details of the principal subsidiaries held directly or indirectly by the Company as at 31 December 2020 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued and fully paid share capital/ paid-up capital	Percentage of equity attributable to the Company 2020	2019	Principal activities
Interests held directly					
In-Bright Investment Limited	Hong Kong	HK$1	**100%**	–	Plantation and Household Business
Mega Ascent Corporation Limited	Hong Kong	HK$10,000	**100%**	–	Plantation and Household Business
Frankford Inc Limited	Hong Kong	HK$100	**100%**	–	Finance Services Business
Solar Fortune Limited	Samoa	US$100	**100%**	–	Investment Holding

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38. SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued and fully paid share capital/ paid-up capital	Percentage of equity attributable to the Company 2020	2019	Principal activities
Interests held indirectly					
(Cambodia) Tong Min Group Engineering Co., Ltd. ("CTM")	Cambodia	US$1,000,000	–	16%	Forestry and Agricultural Business
Agri-Industrial Crop Development (Cambodia) Co., Ltd. ("ACD")	Cambodia	US$1,000,000	–	16%	Forestry and Agricultural Business
Crops and Land Development (Cambodia) Co., Ltd	Cambodia	US$1,000,000	–	16%	Forestry and Agricultural Business
Vibrant Decade Limited ("Vibrant Decade")	Samoa	US$1,000	–	31%	Forestry and Agricultural Business
China Cambodia Resources Limited ("China Cambodia")	British Virgin Islands ("BVI")	US$27,042,548	–	16%	Forestry and Agricultural Business
IR Resources (Cambodia) Co., Ltd. ("IR Cambodia")	Cambodia	US$5,000	–	31%	Forestry and Agricultural Business
Nine Rivers Capital Partners Limited ("Nine Rivers")	Hong Kong	HK$100,000,000	–	60.4%	Financial Services Business
阿哈爾捷科技（深圳）有限公司	The PRC	Nil (registered capital not paid-up: RMB3,000,000)	–	100%	Forestry and Agricultural Business

Notes to the Consolidated Financial Statements

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38. SUBSIDIARIES *(Continued)*

None of the subsidiaries had issued any debt securities at the end of the year.

On 19 September 2016, the Group entered into a subscription agreement with subscribers to subscribe for minority interest in each of the intermediate holding companies under Green Resources levels (note 41) which reduced the Group's effective interests on the underlying operating entities at 16% and 31%, respectively. In the opinion of the Directors, the Group have controls on these intermediate holding companies, so as the underlying operating entities with only effective interests at 16% and 31%, as decision making made by these intermediate holding companies were by simply majority while the Group had majority voting right on each of these intermediate holding companies.

39. PARTIALLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Percentage of equity interest held by non-controlling interests:

	From 1 January 2020 to the disposal dates *(note 41)*	For the year ended 31 December 2019
CTM	**84.0%**	84.0%
ACD	**84.0%**	84.0%
CLD	**84.0%**	84.0%
Vibrant Decade	**69.0%**	69.0%
China Cambodia	**84.0%**	84.0%
IR Cambodia	**69.0%**	69.0%
Nine Rivers and its subsidiaries (the "Nine Rivers Group")	**39.6%**	39.6%

Subsequent to the disposal of the partially owned subsidiaries of the Company as further detailed in note 41, the Group owns 100% equity interests in its subsidiaries.

Profit/(loss) for the years ended 31 December 2020 and 2019 allocated to non-controlling interests:

	2020 ***HK$'000***	2019 *HK$'000*
CTM	**(1,585)**	4,990
ACD	**(620)**	349
CLD	**(522)**	637
Vibrant Decade	**691**	2,320
China Cambodia	**(668)**	(13)
IR Cambodia	**(1,407)**	(1,278)
Nine Rivers Group	**(455)**	(1,056)

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39. PARTIALLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate summarises of financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	CTM *HK$'000*	ACD *HK$'000*	CLD *HK$'000*	Vibrant Decade *HK$'000*	China Cambodia *HK$'000*	IR Cambodia *HK$'000*	Nine Rivers Group *HK$'000*
Year ended 31 December 2020							
Revenue, other income and gains	–	–	–	1,051	–	–	–
Total expenses	1,887	738	621	(50)	795	2,039	1,149
Profit/(loss) for the period	(1,887)	(738)	(621)	1,001	(795)	(2,039)	(1,149)
Total comprehensive income for the period	(1,887)	(738)	(621)	1,001	(795)	(2,039)	(1,149)
At 31 December 2020							
Current assets	–	–	–	–	–	–	–
Non-current assets	–	–	–	–	–	–	–
Current liabilities	–	–	–	–	–	–	–
Non-current liabilities	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

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39. PARTIALLY OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

	CTM *HK$'000*	ACD *HK$'000*	CLD *HK$'000*	Vibrant Decade *HK$'000*	China Cambodia *HK$'000*	IR Cambodia *HK$'000*	Nine Rivers Group *HK$'000*
Year ended 31 December 2019							
Revenue, other income and gains	6,855	523	865	30,241	–	–	–
Total expenses	(928)	(109)	(109)	(26,792)	(15)	(1,853)	(2,669)
Profit/(loss) for the year	5,927	414	756	3,449	(15)	(1,853)	(2,669)
Total comprehensive income for the year	5,927	414	756	3,449	(15)	(1,853)	(2,669)
At 31 December 2019							
Current assets	1,397	580	609	20,237	79,634	168	26,225
Non-current assets	–	–	–	39	–	–	4,741
Current liabilities	(112,060)	(19,403)	(16,028)	(4,160)	–	(25,106)	(1,183)
Non-current liabilities	–	–	–	–	–	–	(593)
	(110,663)	(18,823)	(15,419)	16,116	79,634	(24,938)	29,190

40. RELATED PARTY TRANSACTIONS

The key management personnel are the Directors and the five highest paid individuals of the Company. The details of the emoluments paid to them are set out in notes 14 and 15 respectively.

Except as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company was a party and in which a Director of the Company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

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41. DISPOSAL OF SUBSIDIARIES

During the year the Group disposed of (i) the Green Resources Group mainly involving in the Forestry and Agricultural Business, (ii) Protective Fortune Limited and its subsidiaries (collectively the "Protective Fortune Group") involving in the Financial Services Business and (iii) the Other Disposed Company involving in the Forestry and Agricultural Business at cash consideration of HK$8, HK$788 and HK$1 respectively. The net liabilities of these subsidiaries attributable to the Group at the dates of disposal and their respective loss for the year were as follows:

	Green Resources Group 30 November 2020 *HK$'000*	Protective Fortune Group 19 November 2020 *HK$'000*	Other Disposed Company 21 December 2020 *HK$'000*	Total *HK$'000*
Property, plant and equipment	1,001	–	–	1,001
Bond receivable	–	1,870	–	1,870
Inventories	136	–	–	136
Trade and other receivables	40	58	311	409
Cash and bank balance	14	24	29	67
Other payables and accruals	(394)	(2,192)	(1,718)	(4,304)
Other loan	(4,276)	–	–	(4,276)
Tax payables	(4,351)	–	–	(4,351)
Non-controlling interests	6,361	(392)	–	5,969
Net liabilities attributable to the Group	(1,469)	(632)	(1,378)	(3,479)
Add:				
Exchange reserve recycled to profit or loss	556	–	–	556
Gain on disposal of subsidiaries included in loss for the year in the consolidated statement of profit or loss	913	633	1,378	2,924
Total consideration	–	1	–	1
Satisfied by:				
Cash	–	1	–	1
Net cash outflow arising on disposal:				
Cash consideration	–	1	–	1
Bank balances and cash disposed of	(14)	(24)	(29)	(67)
	(14)	(23)	(29)	(66)
Loss for the period	(1,771)	(731)	(71)	(2,573)
Attributable to:				
– Continuing operations	(1,001)	(731)	–	(1,732)
– Discontinued operation	(770)	–	(71)	(841)

Notes to the Consolidated Financial Statements

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42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year ended 31 December 2020, the Green Resources Group transferred its investments in associates and amount due from an associate with total carrying amounts of HK$22,012,000 (2019: Nil) to settle the payable to non-controlling shareholders of certain subsidiaries.

(ii) During the year ended 31 December 2020, there were non-cash additions to right-of-use assets and lease liabilities of HK$110,000 (2019: HK$2,525,000) and HK$110,000 (2019: HK$2,525,000), respectively, in respect of new lease arrangements for office premises).

(iii) During the year ended 31 December 2020, the purchase cost of the Group's equity investments at FVTOCI of HK$913,000 was partially settled by an amount due from an associate of HK$123,000 while HK$790,000 remained unpaid as at 31 December 2020.

(b) Changes in liabilities arising from financing activities

The table below details changes in Group's liabilities arising from financing activities.

	An advance included in other payables HK$'000	Other borrowing HK$'000	Other loans HK$'000	Lease liabilities HK$'000	Bond payable HK$'000	Total HK$'000
At 1 January 2019	–	8,108	16,902	–	–	25,010
Change from financing cash flows:						
– Capital element of lease rentals paid	–	–	–	(625)	–	(625)
– Interest element of lease rental paid	–	–	–	(54)	–	(54)
– Interest paid for other borrowing	–	(682)	–	–	–	(682)
– Other loans borrowed	1,800	–	–	–	–	1,800
	1,800	(682)	–	(679)	–	439
Non-cash flows:						
– Inception of new lease	–	–	–	2,525	–	2,525
– Interest expenses	–	680	708	54	–	1,442
	–	680	708	2,579	–	3,967
At 31 December 2019 and 1 January 2020	1,800	8,106	17,610	1,900	–	29,416
Change from financing cash flows:						
– Capital element of lease rentals paid	–	–	–	(743)	–	(743)
– Interest element of lease rental paid	–	–	–	(42)	–	(42)
– Interest paid for other borrowing	–	(682)	–	–	–	(682)
– Repayment of other loans	(1,800)	–	(14,046)	–	–	(15,846)
– Other loans borrowed	–	–	10,700	–	–	10,700
	(1,800)	(682)	(3,346)	(785)	–	(6,613)
Non-cash flows:						
– Disposal of subsidiaries	–	–	(4,276)	–	–	(4,276)
– Subscription of bond	–	–	–	–	25,300	25,300
– Interest expense	–	682	769	42	43	1,536
– COVID-19-Related rent concessions	–	–	–	(290)	–	(290)
– Lease modification	–	–	–	(889)	–	(889)
– Inception of new lease	–	–	–	110	–	110
	–	682	(3,507)	(1,027)	25,343	21,491
	–	8,106	10,757	88	25,343	44,294

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43. LITIGATION

During the year ended 31 December 2020 and 2019, the Group involved in a litigation (the "Litigation") regarding the demand for immediate repayment of its other borrowing in the principal amount of HK$8,000,000. The lender claimed that the borrowing had become overdue in May 2019.

The Directors have exercised their due care in defending the Group in the Litigation, assessing the financial impact in respect of the legal costs and claims, if any, of the Litigation. Since the Litigation is still on-going, the Directors would continue to exercise their due care in monitoring the progress of the Litigation and would assess the financial impact of the Group as and when appropriate. The Directors consider that the adequacy of provision for the Litigation has been during the year ended 31 December 2020 and 2019.

44. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits, respectively.

The Directors review the capital structure on a continuous basis taking into account the loss of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share buy-back as well as the issue of new debts or debts restructuring, if necessary.

	2020 ***HK$'000***	2019 *HK$'000* (Restated)
Trade payables	**8,936**	6
Other payables and accruals	**7,517**	25,961
Other borrowing	**8,106**	8,106
Lease liabilities	**88**	1,900
Tax payables	**697**	4,321
Other loans	**10,757**	17,610
Bond payable	**25,343**	–
Less: Bank balances and cash	**(1,555)**	(4,212)
Net debt	**59,889**	53,692
(Deficit)/equity attributable to owners of the Company	**(42,041)**	10,711
(Negative) Gearing ratio	**(142%)**	501%

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45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount of financial assets and liabilities:

	2020		2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	***HK$'000***	*HK$'000* (Restated)	*HK$'000*
Financial assets				
FVTPL/FVTOCI:				
Equity investments at FVTOCI	**903**	**903**	–	–
Debt investment at FVTPL	**650**	**650**	3,853	3,853
Equity investments at FVTPL	**–**	**–**	608	608
Amortised cost:				
Trade receivables	**9,779**	**9,779**	12,672	12,672
Loan and interest receivables	**–**	**–**	15,363	15,363
Other receivables	**220**	**220**	15,784	15,784
Cash held on behalf of customers	**–**	**–**	6	6
Bank balances and cash	**1,555**	**1,555**	4,212	4,212
	13,107	**13,107**	52,498	52,498
Financial liabilities				
Amortised cost:				
Trade payables	**8,936**	**8,936**	6	6
Other payables and accruals	**7,517**	**7,517**	25,961	25,961
Other borrowing	**8,106**	**8,106**	8,106	8,106
Other loans	**10,757**	**10,757**	17,610	17,610
Bond payable	**25,343**	**25,343**	–	–
Lease liabilities	**88**	**88**	1,900	1,900
	60,747	**60,747**	53,583	53,583

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45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, cash held on behalf of customers, bank balances and cash, trade and other payables, other borrowing, lease liabilities, other loans and bond payable.

Due to their short term nature, the carrying value of trade and other receivables, cash held on behalf of customers, bank balances and cash, trade and other payables and other borrowing approximates their fair value.

The carrying value of other loans and bond payable approximates their fair values as the effective interest rates of these financial instruments are close to market rates.

(b) Financial instruments measured at fair value

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy.

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020				
Equity investments at FVTOCI	**–**	**–**	**903**	**903**
Debt investment at FVTPL	**–**	**–**	**650**	**650**
As at 31 December 2019				
Equity investments at FVTPL	608	–	–	608
Debt investment at FVTPL	–	–	3,853	3,853

There were no transfers between levels during the current and prior years.

Information about level 1 fair value measurement

The fair value of listed equity investments and traded on active liquid markets were determined with reference to quoted market prices.

Information about level 3 fair value measurement

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments, as well as the relationship between key observable inputs and fair value are set out below.

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45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

(b) Financial instruments measured at fair value *(Continued)*

Information about level 3 fair value measurement *(Continued)*

Equity investments at FVTOCI

The fair value of the equity investments in a listed company which shares have been suspended for trading is estimated using market approach that adjusts the closing share price of the last trading date with various factors and assumptions set out below.

General assumptions that have been taken in relation to the suspension included the followings:

– the outbreak of the COVID-19 will not affect the listed company permanently; and

– the business of the listed company remained in existence as at 31 December 2020.

The Directors are of the view that the above events that are inherently outside the control of the Group has reasonably been taken into account in the fair value measurement, other significant unobservable inputs used in the fair value measurement are as follows:

	2020
Probability of being delisted	**39.81%**
Discount on share price if trading resumed	**47.30%**
Discount for lack of marketability if being delisted	**30.20%**
Discount for lack of marketability if trading resumed	**15.40%**
Market value adjustment during the suspension period	**45.05%**

Decrease in the market value adjustment during the suspension period of 5% would increase the fair value of the investment by HK$82,000 and vice versa.

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45. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

(b) Financial instruments measured at fair value *(Continued)*

Information about level 3 fair value measurement *(Continued)*

Debt investment at FVTPL

As at 31 December 2020 and 2019, the fair value of the Convertible Bond Receivable in an unlisted company was estimated using discount cash flow method based on market interest rate for a similar bond. As at 31 December 2020, the conversion option was matured and the Convertible Bond Receivable was defaulted. As at 31 December 2019, the fair value of the conversion option was also estimated using the binominal pricing model. Significant unobservable inputs used in the fair value measurement are as follows:

	2020	2019
Convertible Bond Receivable:		
Discount rate	**10%***	18.08%
Conversion option:		
Risk-free rate	**N/A**	1.93%
Dividend yield	**N/A**	0.00%
Volatility	**N/A**	25.73%

* In the opinion of Directors, with reference to professional valuation report, the Convertible Bond Receivable was similar to a defaulted corporate bond at the valuation date.

(c) Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (level 3)

Equity investments at FVTOCI

	2020	2019
	HK$'000	*HK$'000*
Balance as at 1 January	**–**	23,424
Purchases	**913**	–
Disposal	**–**	(23,424)
Fair value change	**(10)**	–
Balance as at 31 December	**903**	–

Debt investment at FVTPL

	2020	2019
	HK$'000	*HK$'000*
Balance as at 1 January	**3,853**	3,983
Fair value change	**(3,203)**	(130)
Balance as at 31 December	**650**	3,853

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46. FINANCIAL RISK MANAGEMENT

Details of the Group's major financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), foreign currency risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank deposits and bond payable. Borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group's bond payable as at 31 December 2020 bore interest at floating rates whereas all of the Group's other borrowing and other loans as at 31 December 2020 and 2019 bore interest at fixed rates. Details of bond payable, other borrowing and other loans are disclosed in Notes 33, 31 and 32, respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The Directors consider the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss for the year and accumulated losses by approximately HK$250,000 (2019: nil). The changes in interest rates do not affect the Group's other component of equity.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for the borrowings in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date.

Notes to the Consolidated Financial Statements

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46. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Foreign currency risk

The Group is only exposed to currency risk primarily through sales and purchases and also through cash and cash equivalent balances that are denominated in US$ and RMB, the currency other than the functional currency of the entity to which they relate.

The Group does not enter into derivatives to manage currency risk, although in certain isolated cases, the Group may take steps to mitigate such risks if it is sufficiently concentrated.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	2020		2019	
	Assets	**Liability**	Assets	Liability
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
US$	**11,294**	**(25,343)**	–	–
RMB	**–**	**(8,936)**	–	(1,280)

Sensitivity analysis

The following tables indicates the approximate change in the Group's loss for the year in respond to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. The sensitivity analysis includes balances in a currency other than US$ and the functional currency of the Group. A positive number indicates an increase in loss. The Group does not expected any significant movements in the US$/HK$ exchange rate which is pegged within a narrow trading range. Accordingly, no sensitivity analysis is presented.

	2020	2019
	Effect on loss after tax	Effect on loss after tax
	HK$'000	*HK$'000*
RMB to HK$		
Appreciates by 9% (2019: 5%)	**698**	53
Depreciates by 9% (2019: 5%)	**(698)**	(53)

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46. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification produces. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group is concentrated on trade receivables from the Group's two largest customers at 31 December 2020 and 2019 accounted for 72.4% and 27.6% of the Group's gross trade receivables.

The Directors consider that the credit risk on liquid funds is low as counterparties are banks with good reputation.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial assets.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Trade receivables*	–	–	–	9,779	9,779
Other receivables					
– normal**	438	–	–	–	438
Bank balances and cash					
– Not yet past due	1,555	–	–	–	1,555
	1,993	–	–	9,779	11,772

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46. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Credit risk *(Continued)*

Maximum exposure and year-end staging *(Continued)*

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Trade receivables*	–	–	–	13,823	13,823
Loans and interest receivables	15,363	–	–	–	15,363
Other receivables					
– normal**	16,392	–	–	–	16,392
Cash held on behalf of customers	6	–	–	–	6
Bank balances and cash					
– Not yet past due	4,212	–	–	–	4,212
	35,973	–	–	13,823	49,796

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22.

** The credit quality of the other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The following table reconciles the impairment loss of trade receivables and other receivables.

	Trade receivable	**Other receivables 12-month**	
	Simplified approach *HK$'000*	**Stage 1** *HK$'000*	**Total** *HK$'000*
At 1 January 2019	7,955	608	8,563
Reversal of impairment loss	(86)	–	(86)
Amount written off as uncollectible	(6,718)	–	(6,718)
At 31 December 2019	1,151	608	1,759
Disposal of subsidiaries	(100)	(608)	(708)
Reversal of impairment loss	(1,051)	–	(1,051)
Impairment loss recognised	–	218	218
At 31 December 2020	–	218	218

The reversal of impairment loss in the current and prior years arose from recovery of debts. Impairment loss recognised during the year ended 31 December 2020 arose from increase in ECL rate of certain other receivables.

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46. FINANCIAL RISK MANAGEMENT *(Continued)*

(d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the 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 banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from current interest rate at the end of each reporting period.

	Carrying amount	Total contractual undiscounted cash flows	Within one year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2020						
Trade payables	**8,936**	**8,936**	**8,936**	**–**	**–**	**–**
Other payables and accruals	**7,517**	**7,517**	**7,517**	**–**	**–**	**–**
Other borrowing	**8,106**	**8,106**	**8,106**	**–**	**–**	**–**
Other loans	**10,757**	**11,706**	**593**	**9,206**	**1,907**	**–**
Bond payable	**25,343**	**25,343**	**25,343**	**–**	**–**	**–**
Lease liabilities	**88**	**91**	**91**	**–**	**–**	**–**
	60,747	**61,699**	**50,586**	**9,206**	**1,907**	**–**
As at 31 December 2019 (Restated)						
Trade payables	6	6	6	–	–	–
Other payables and accruals	25,961	25,961	25,961	–	–	–
Other borrowing	8,106	8,106	8,106	–	–	–
Other loan	17,610	22,763	–	–	–	22,763
Lease liabilities	1,900	1,972	1,325	647	–	–
	53,583	58,808	35,398	647	–	22,763

Notes to the Consolidated Financial Statements

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47. EVENTS AFTER THE REPORTING DATE AND EFFECT OF COVID-19

Events after the reporting period

In addition to those disclosed elsewhere in these financial statements, events after the reporting period are as follows:

On 2 June 2021, the Company received a winding-up petition from a lender for failure to settle a loan (together with unpaid interest and costs) of approximately HK$9,397,000. As at the date of this report, the court has adjourned the winding-up petition pending progress of the Scheme of Arrangement.

Subsequent to the end of the reporting period and up to the date of this report, the Group had solicited letters of support from its creditors representing not less than 75% in value and not less than 50% in number to participate in the Scheme of Arrangement.

COVID-19

The World Health Organisation declared the COVID-19 a global health emergency on 30 January 2020. Government authorities in the countries in which the Group operates have implemented various restrictive measures to contain the pandemic which would adversely affect the results and liquidity position of the Group. The Directors will continue to assess the impact of the pandemic on the Group's businesses. Given the uncertainty on the duration of the pandemic which has become a new normal, the Group might experience further negative results and liquidity restraints and incur additional impairments on its assets in 2021 thereafter.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 31 January 2022.

Five Years Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published consolidated financial statements and restated/reclassified as appropriate, is set out below.

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Re-stated and re-presented)	(Re-stated and re-presented)		
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**21,161**	473	28,390	37,183	45,482
Cost of sales and services rendered	**(18,264)**	–	(22,808)	(29,916)	(39,509)
Gross profit	**2,897**	473	5,582	7,267	5,973
Other income and gains	**457**	1,671	1,616	1,825	5,260
Administrative expenses	**(16,413)**	(18,107)	(39,056)	(44,400)	(55,812)
Finance costs	**(767)**	(734)	(2,192)	(1,432)	(14,186)
Fair value loss on equity investments at fair value through profit or loss	**(90)**	(238)	(1,134)	(132)	–
Fair value loss on debt investment at fair value through profit or loss	**(3,203)**	(130)	(18)	–	–
Loss on disposal of debt investments at fair value through other comprehensive income	**–**	–	(232)	–	–
Loss on disposal of equity investment at fair value through profit or loss, net	**–**	–	–	(7,689)	–
Loss on written off property, plant and equipment	**–**	–	(120)	–	–
Loss on written off of intangible assets	**–**	–	–	–	–
Impairment loss on inventories	**–**	–	(367)	(1,814)	–
Impairment loss on goodwill	**–**	–	(3,522)	–	–
Impairment loss on property, plant and equipment	**–**	–	(919)	(16,789)	–
Impairment loss on available-for-sale investments	**–**	–	–	(6,814)	–
Impairment loss on other receivables	**(218)**	–	(8)	–	–
Written off of other receivables	**(211)**	(732)	–	–	–
Loss on disposal of subsidiaries	**(368)**	–	–	–	–
Impairment loss on trade receivables	**–**	–	(1,030)	(88)	(4,717)
Impairment loss on intangible assets	**–**	–	–	(41,574)	(265,590)
Share of loss of associates	**(71)**	(813)	(2,039)	(3,906)	(4)
LOSS BEFORE INCOME TAX	**(17,987)**	(18,610)	(43,439)	(115,546)	(329,076)
Income tax expenses	**(697)**	–	(644)	(314)	(1,384)
LOSS FOR THE YEAR FROM CONTINUING OPERATION	**(18,684)**	(18,610)	(44,083)	(115,860)	(330,460)

Five Years Financial Summary

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000* (Re-stated and re-presented)	*HK$'000* (Re-stated and re-presented)	*HK$'000*	*HK$'000*
DISCONTINUED OPERATION					
(Loss)/profit from discontinued operation	**(841)**	4,814	–	–	–
LOSS FOR THE YEAR	**(19,525)**	(13,796)	(44,083)	(115,860)	(330,460)
Loss for the year attributable to:					
Own of the Company	**(29,918)**	(19,538)	(36,769)	(103,347)	(317,743)
Non-controlling interests	**10,393**	5,742	(7,314)	(12,513)	(12,717)
	(19,525)	(13,796)	(44,899)	(115,860)	(330,460)

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	*HK$'000* (Restated)	*HK$'000* (Restated)	*HK$'000*	*HK$'000*
TOTAL ASSETS	**19,534**	74,396	105,488	147,906	188,423
TOTAL LIABILITIES	**(61,575)**	(58,035)	(83,673)	(77,519)	(53,397)
NON-CONTROLLING INTERESTS	**–**	(5,650)	92	(7,304)	(4,004)
TOTAL EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	**(42,041)**	10,711	21,907	63,083	131,022