SFUND INTERNATIONAL HOLDINGS LIMITED
廣州基金國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1367)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2020	2019	% Change
	HK$'000	*HK$'000*	
Revenue	**11,757**	64,330	(81.7)%
Gross profit	**8,308**	22,407	(62.9)%
Loss for the year and attributable to owners of the Company	**(77,546)**	(111,390)	(30.4)%
Basic loss per share	**HK(16.16) cents**	HK(23.21) cents	

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2020.

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of SFund International Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020, together with the comparative figures for the corresponding period of 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE	3 & 4	**11,757**	64,330
Cost of sales and services rendered		**(3,449)**	(41,923)
Gross profit		**8,308**	22,407
Other income and gains	4	**1,663**	2,022
Selling expenses		**(1,353)**	(2,731)
Administrative expenses		**(67,140)**	(85,783)
Other expenses, net		**(752)**	(44,603)
Finance costs	5	**(21,993)**	(19,235)
Share of (loss)/profit of an associate		**(1,568)**	486
LOSS BEFORE TAX	6	**(82,835)**	(127,437)
Income tax credit	7	**318**	2,016
LOSS FOR THE YEAR		**(82,517)**	(125,421)
Attributable to:			
Owners of the Company		**(77,546)**	(111,390)
Non-controlling interests		**(4,971)**	(14,031)
		(82,517)	(125,421)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	8	**HK(16.16) cents**	HK(23.21) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 *HK$'000*	2019 *HK$'000*
LOSS FOR THE YEAR	**(82,517)**	(125,421)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**511**	(441)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**511**	(441)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(82,006)**	(125,862)
Attributable to:		
Owners of the Company	**(77,217)**	(111,658)
Non-controlling interests	**(4,789)**	(14,204)
	(82,006)	(125,862)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipments		**1,193**	2,244
Right-of-use assets		**8,932**	6,432
Intangible assets		**3,308**	4,000
Investment in an associate		**2,013**	2,219
Financial assets at fair value through profit or loss		**12**	1,102
Deposits and other receivables		**3,423**	205
Total non-current assets		**18,881**	16,202
CURRENT ASSETS			
Accounts receivable	*10*	**148**	4,229
Loans receivable	*11*	**46,184**	113,772
Prepayments, deposits and other receivables		**44,146**	47,551
Cash and cash equivalents		**68,179**	23,104
Total current assets		**158,657**	188,656
CURRENT LIABILITIES			
Trade payables	*12*	**27**	4,596
Other payables and accruals		**72,926**	56,707
Other borrowings		**186,213**	24,060
Bond payables		**80,000**	219,229
Tax payables		**7,832**	8,487
Total current liabilities		**346,998**	313,079
NET CURRENT LIABILITIES		**(188,341)**	(124,423)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(169,460)**	(108,221)

	Notes	**2020**	2019
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Other payables and accruals		**4,343**	3,062
Other borrowings		**28,000**	8,400
Deferred tax liabilities		**567**	681
Total non-current liabilities		**32,910**	12,143
Net liabilities		**(202,370)**	(120,364)
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,800**	4,800
Reserves		**(210,073)**	(132,856)
		(205,273)	(128,056)
Non-controlling interests		**2,903**	7,692
Total equity		**(202,370)**	(120,364)

NOTES

1. PRESENTATION AND BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("*HK$'000*") except when otherwise indicated.

As at 31 December 2020, the Group incurred loss attributable to owners of the Company of HK$77,546,000 and HK$111,390,000 respectively for two consecutive years of year ended 31 December 2020 and 2019, and as at 31 December 2020 the Group had net current liabilities of HK$188,341,000 and net liabilities of HK$202,370,000. The net current liabilities and the net liabilities position were attributable to material loss for the year as a result of the poor performance of the Group's businesses and the outstanding bond payable balance of HK$80 million due within twelve months from the end of the reporting period. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors are formulating proposals for fund raising exercises, further details of which will be disclosed by way of announcements and it has taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(i) Subsequent to the end of the reporting period, Kapok Spirit Investment Limited ("Kapok Spirit"), an entity indirectly wholly owned by a substantial shareholder of the Company, issued a letter of intent to extend the bond maturity date of a bond payable of HK$80,000,000.

(ii) As regards the bond held by Kapok Spirit, the Company intends to negotiate with Kapok Spirit and SFund International Investment Fund Management Limited ("SFund International") to capitalise the principal amount of the outstanding bond and the outstanding shareholder's loans (the "Possible Capitalisation"). It is expected that the Company would be able to improve the financial position and reduce the finance costs if the Possible Capitalisation is materialized.

(iii) The Company intends to raise funds by issuing new securities. As at the date of this announcement, the Group has not yet entered into any understanding, arrangement or agreement about the aforesaid plan. The fund raising activity is subjected to the approval from the Stock Exchange and market conditions. The Company intends to use such proceeds for the potential acquisition, expansion of the Group's business and/or working capital of the Group.

The Directors have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the apparel trading and related services segment engages in the trading of apparel products and provision of the apparel supply chain management services;

(b) the financial services segment engages in the securities dealing business, provision of asset management services, corporate finance and related advisory services;

(c) the money lending segment engages in the provision of loan financing; and

(d) the securities investment segment engages in investment in listed and unlisted investments.

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

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

(a) all assets are allocated to operating segments other than unallocated assets, cash and cash equivalents and tax recoverable; and

(b) all liabilities are allocated to operating segments other than unallocated liabilities, interest-bearing bank and other borrowings, bond payable, tax payable, deferred tax liabilities and other head office and corporate liabilities as these liabilities are managed on a group basis.

For the year ended 31 December 2020

	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Money lending *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:					
Recognised at a point in time	3,146	–	–	–	3,146
Recognised over time	2,457	533	–	–	2,990
	5,603	533	–	–	6,136
Revenue from other sources	–	–	5,618	3	5,621
Segment revenue	5,603	533	5,618	3	11,757
Segment results	(18,292)	(27,857)	3,298	(13)	(42,864)
Reconciliation:					
Bank interest income					6
Corporate and other unallocated expenses					(17,984)
Finance costs					(21,993)
Loss before tax					(82,835)
As at 31 December 2020					
Segment assets	9,086	107,108	49,338	1,319	166,851
Reconciliation:					
Corporate and other unallocated assets					10,687
Total assets					177,538
Segment liabilities	46,797	219,047	57,563	7,063	330,470
Reconciliation:					
Elimination of intersegment payables					(192,485)
Corporate and other unallocated liabilities					241,923
Total liabilities					379,908
Other segment information					
Capital expenditure*	34	20	–	–	54
Reversal of impairment of loans receivable	–	–	(612)	–	(612)
Impairment of intangible assets	–	692	–	–	692
Depreciation of property, plant and equipment#	672	435	–	–	1,107
Depreciation of right-of-use assets#	970	1,121	–	–	2,091
Investment in an associate	–	2,013	–	–	2,013
Share of loss of an associate	–	1,568	–	–	1,568

Depreciation of property, plant and equipment and depreciation of right-of-use assets amounting to HK$37,000 and HK$2,572,000, were included under corporate and other unallocated expenses.

* *Capital expenditure consists of additions to property, plant and equipment.*

For the year ended 31 December 2019

	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Money lending *HK$'000*	Securities investment *HK$'000*	Total *HK$'000*
Revenue from contracts with customers:					
Recognised at a point in time	43,125	–	–	–	43,125
Recognised over time	3,445	826	–	–	4,271
	46,570	826	–	–	47,396
Revenue from other sources	–	–	17,051	(117)	16,934
Segment revenue	46,570	826	17,051	(117)	64,330
Segment results	(27,611)	(48,595)	13,042	(131)	(63,295)
Reconciliation:					
Bank interest income					159
Corporate and other unallocated expenses					(45,066)
Finance costs					(19,235)
Loss before tax					(127,437)
As at 31 December 2019					
Segment assets	21,026	59,569	116,218	2,334	199,147
Reconciliation:					
Corporate and other unallocated assets					5,711
Total assets					204,858
Segment liabilities	41,882	138,886	117,348	8,142	306,258
Reconciliation:					
Elimination of intersegment payables					(225,941)
Corporate and other unallocated liabilities					244,905
Total liabilities					325,222
Other segment information					
Capital expenditure*	567	133	–	–	700
(Reversal of impairment)/impairment of accounts receivable	(540)	20,062	–	–	19,522
Impairment of loans receivable	–	–	1,019	–	1,019
Reversal of impairment of other receivables	(8)	–	–	–	(8)
Impairment of goodwill	–	11,110	–	–	11,110
Impairment of intangible assets	–	13,100	–	–	13,100
Depreciation of property, plant and equipment#	907	483	–	–	1,390
Depreciation of right-of-use assets#	1,714	601	201	–	2,516
Investment in an associate	–	2,219	–	–	2,219
Share of profit of an associate	–	(486)	–	–	(486)

Depreciation of property, plant and equipment and depreciation of right-of-use assets amounting to HK$213,000 and HK$2,932,000, were included under corporate and other unallocated expenses.

* *Capital expenditure consists of additions to property, plant and equipment.*

Geographical information

(a) Revenue from external customers

During the year, approximately 15.7% (2019: 58.3%) of the Group's total revenue from external customers, based on the locations of the products shipped to/locations of customers, were attributed to the United States of America ("USA"). For the purpose of identifying the total revenue from external customers, revenue derived from the fair value change on financial assets at fair value through profit of loss is excluded.

An analysis of disaggregation of revenue from the sales of goods and provision of services based on the locations of the products shipped to is as follows:

	2020	2019
	HK$'000	*HK$'000*
Cambodia	**2,457**	3,371
USA	**1,847**	37,599
Mainland China	**491**	302
Hong Kong (China)	**–**	74
Others	**808**	5,224
	5,603	46,570

Revenue from the financial services segment amounting to HK$533,000 (2019: HK$823,000) and HK$Nil (2019: HK$3,000), based on the locations of customers, was derived in Mainland China and Hong Kong (China), respectively. Revenue from the money lending segment, based on the location of the customers, was derived in Hong Kong (China).

(b) Non-current assets

	2020	2019
	HK$'000	*HK$'000*
Hong Kong (China)	**9,924**	7,481
Mainland China	**5,376**	7,064
Others	**146**	350
	15,446	14,895

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

Revenue from external customers each contributing 10% or more of the Group's total revenue for the year are set out below:

	Segment	2020 *HK$'000*	2019 *HK$'000*
Customer A	Apparel trading and related services	**5,112**	23,051
Customer B	Apparel trading and related services	**–**	14,245
Customer C	Money lending	**4,923**	7,770

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains is as follows:

	2020 *HK$'000*	2019 *HK$'000*
Revenue from contracts with customers		
Sales of goods	**3,146**	43,125
Service fee income	**2,457**	3,445
Advisory service income	**–**	3
Fund management fee income	**533**	823
Revenue from other sources		
Interest income from the money lending business	**5,618**	17,051
Fair value gain/(loss) on financial assets at fair value through profit or loss	**3**	(117)
	11,757	64,330

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

For the year ended 31 December 2020

Segments	**Apparel trading and related services** *HK$'000*	**Financial services** *HK$'000*	**Total** *HK$'000*
Type of goods or services			
Sales of goods	**3,146**	**–**	**3,146**
Service fee income	**2,457**	**–**	**2,457**
Fund management fee income	**–**	**533**	**533**
	5,603	**533**	**6,136**
Geographical markets			
USA	**1,847**	**–**	**1,847**
Mainland China	**491**	**533**	**1,024**
Cambodia	**2,457**	**–**	**2,457**
Others	**808**	**–**	**808**
	5,603	**533**	**6,136**
Timing of revenue recognition			
Goods or services transferred at a point in time	**3,146**	**–**	**3,146**
Services transferred over time	**2,457**	**533**	**2,990**
	5,603	**533**	**6,136**

For the year ended 31 December 2019

Segments	Apparel trading and related services *HK$'000*	Financial services *HK$'000*	Total *HK$'000*
Type of goods or services			
Sales of goods	43,125	–	43,125
Service fee income	3,445	–	3,445
Advisory service income	–	3	3
Fund management fee income	–	823	823
	46,570	826	47,396
Geographical markets			
USA	37,599	–	37,599
Mainland China	302	823	1,125
Hong Kong (China)	74	3	77
Cambodia	3,371	–	3,371
Others	5,224	–	5,224
	46,570	826	47,396
Timing of revenue recognition			
Goods or services transferred at a point in time	43,125	–	43,125
Services transferred over time	3,445	826	4,271
	46,570	826	47,396

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**6**	159
Distribution income	**–**	128
Sale of scrap materials	**–**	353
Rework and compensation income	**15**	713
Imputed interest income on non-interest-bearing financial arrangement	**–**	88
Rental income	**–**	126
Government subsidies *(Note)*	**1,721**	–
Sundry income	**103**	242
	1,845	1,809
Gains		
(Loss)/gain on foreign exchange differences, net	**(182)**	213
	(182)	213
	1,663	2,022

Note: *Government subsidies represent the gross amount received from Employment Support Scheme provided by the government of Hong Kong Special Administrative Region.*

5. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bond payables	**10,417**	17,764
Interest on other borrowings	**11,334**	1,149
Interest on a finance lease	**–**	2
Unwinding of finance costs on lease liability	**242**	320
	21,993	19,235

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2020	2019
	HK$'000	*HK$'000*
Auditors' remuneration	**1,450**	1,450
Cost of inventories sold	**2,882**	41,383
Depreciation of property, plant and equipment	**1,144**	1,603
Depreciation of right-of-use assets	**4,663**	5,448
Employee benefit expenses (including directors' remuneration):		
– Wages and salaries, allowances, bonuses, commission and benefits in kind	**42,369**	50,918
– Reversal of provision for long service payments	**–**	(153)
– Termination payments	**–**	116
– Pension scheme contributions (defined contribution schemes)#	**1,648**	3,087
Total employee benefit expenses	**44,017**	53,968
Impairment of accounts receivable*	**–**	19,522
(Reversal of impairment)/impairment of loans receivable*	**(612)**	1,019
Reversal of impairment of other receivables*	**–**	(8)
Impairment of goodwill*	**–**	11,110
Impairment of intangible assets*	**692**	13,100
Loss on disposal of investment in an associate*	**601**	–
Minimum lease payments under operating leases	**880**	2,546

At the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

* *The balances were included in "Other expenses, net" in the consolidated statement of profit or loss.*

7. INCOME TAX CREDIT

	2020	2019
	HK$'000	*HK$'000*
Current – Hong Kong (China)		
Overprovision in prior years	**(437)**	(1,432)
Current – Elsewhere		
Charge for the year	**115**	1,602
Underprovision in prior years	**118**	–
Deferred tax liability	**(114)**	(2,186)
	(318)	(2,016)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

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 (China) during the year.

The subsidiary of the Company established in Mainland China is subject to the PRC corporate income tax at a standard rate of 25% (2019: 25%) during the year.

No provision for Macao complementary tax has been made as the Company's subsidiary established in Macao is exempted from Macao complementary tax pursuant to Macao's relevant tax legislations (2019: Nil).

No provision for Cambodian tax has been made on the Company's subsidiary as no assessable profit in Cambodia was generated during the current year. Cambodian tax on profit was provided at the rate of 1% of total revenues arising during the prior year.

No provision for Bangladesh income tax has been made on the liaison office of the Company's subsidiary as no assessment profit in Bangladesh was generated during the year (2019: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Basic and diluted loss per share

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$77,546,000 (2019: HK$111,390,000, and the weighted average number of ordinary shares of 480,000,000 (2019: 480,000,000) in issue during the year.

Diluted loss per share equals to basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

9. DIVIDEND

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

10. ACCOUNTS RECEIVABLE

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**214**	4,407
Fund management fee receivables	**21,239**	20,191
	21,453	24,598
Less: Impairment loss	**(21,305)**	(20,369)
Carrying amount	**148**	4,229

Trade receivables

Trade receivables relate to the Group's apparel trading and related services business. The Group's trading terms with its customers in the apparel trading and related services business are mainly on credit. The credit periods generally range from 30 to 90 days (2019: 30 to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**36**	4,229
	36	4,229

Fund management fees receivables

Fund management fees receivables relate to the Group's fund management business and are due from investment funds in which the Group acts as the fund manager. Pursuant to the respective fund management agreements, the fund management fees shall be paid in advance at the beginning of each year.

An ageing analysis of fund management fees receivables as at the end of the reporting period, based on the period in which services were rendered and net of loss allowance, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**28**	–
1 to 2 months	**21**	–
2 to 3 months	**63**	–
	112	–

11. LOANS RECEIVABLE

	2020	2019
	HK$'000	*HK$'000*
Loans receivable	**46,800**	115,000
Impairment	**(616)**	(1,228)
	46,184	113,772

Included in the balance, carrying amount of HK$6,800,000 was advanced to Sunrise Shining Investment Limited, a company which owned by a related company of a substantial shareholder of the Company. The above loan is unsecured, interest-bearing loan at 12% and due within one year.

Loans receivable arising from the money lending business of the Group bear interest at a rate of 10% to 12% (2019: 10% to 12%) per annum. As at 31 December 2020, certain loans receivable with an aggregate carrying amount of HK$39,384,000 (2019: HK$113,772,000) were secured by the pledge of collaterals.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**27**	4,596

The trade payables are non-interest-bearing and are normally settled on an average term of 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group was principally engaged in (i) apparel supply chain management services business; (ii) financial services business; (iii) money lending business; and (iv) securities investment during the year.

Apparel Supply Chain Management Services Business

The Group provides apparel supply chain management services for woven wear (such as shirts, pants, jeans and jackets) and accessories. This includes sourcing of raw materials and third-party manufacturers, sample creation, product design and development, production management, merchandising, quality control, logistics management and social compliance monitoring services. The Group acts as a one-stop solution provider to its customers to meet their needs along the apparel supply chain. Revenue is derived primarily from the sale of apparel products it procures for its customers, and from providing apparel supply chain management services for factories.

Sales in 2020 to the USA customers declined because of the epidemic of the COVID-19 and the overall weak consumer spending sentiment. For the year ended 31 December 2020, the Group's revenue from apparel supply chain management services business were HK$5,603,000, representing a significant decrease of approximately 88% when compared to the corresponding period last year of HK$46,570,000. The segment loss from the respective segment were HK$18,292,000 as compared to segment loss of HK$27,611,000 for the corresponding period last year.

Due to less competitiveness than the other service providers, the Group lost significant customers in the past years and thereby recorded substantial decrease in revenue from this segment. In addition, the US-China trade war since 2018 also weakened the competitiveness of the Group.

As a result of the intensive competition among the industry, the US-China trade war, the outbreak of COVID-19 worldwide and an overall weak consumer spending sentiment, the management of the Group expects the financial performance of this segment would remain stagnant for a protracted period.

Financial Services Business

During the year, the Group carried out financial services business through its subsidiaries including Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") in Hong Kong (China) as well as equity interests investment management, investment consultancy services, investment management services, entrusted management of equity interests investment fund and corporate management consultancy services in the People's Republic of China (the "PRC").

During the year, the revenue and operating loss generated in this segment were HK$533,000 (2019: HK$826,000) and HK$27,857,000 (2019: HK$48,595,000), respectively.

The decrease in loss of this segment were mainly due to absence of HK$44 million impairment of accounts receivable, goodwill and intangible assets for the year ended 31 December 2020.

Money Lending Business

The Group engaged in the money lending business through Capital Strategic Partners Limited ("Capital Strategic"), an indirect wholly-owned subsidiary of the Company, which holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) to carry out money lending business in Hong Kong (China). During the year, the interest income and operating profit generated in this segment were HK$5,618,000 (2019: HK$17,051,000) and HK$3,298,000 (2019: HK$13,042,000), respectively.

As at 31 December 2020, there were two transactions of loan advanced to customers. The loan were still outstanding as at 31 December 2020 with an aggregate outstanding loan principal of HK$46,800,000.

On 24 November 2017, Capital Strategic entered into a loan agreement with Yuan Heng Gas Holdings Limited ("Yuan Heng"), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 332). Pursuant to the loan agreement, Capital Strategic agreed to grant to Yuan Heng a loan of HK$180,000,000 ("Original Facility") for a term of 6 months from the date of the drawdown, which was 25 January 2018, and could be further extended for another 6 months with written consent of Capital Strategic (or any other date as may be agreed by Capital Strategic and Yuan Heng in writing). The loan is secured by the charge over the entire issued share capital of an indirect wholly-owned subsidiary of Yuan Heng and the floating charge over all or any part of the property and/or assets of an indirect wholly-owned subsidiary of Yuan Heng in favour of Capital Strategic. The Original Facility was extended in the prior years and was settled during the year.

On 14 February 2018, Capital Strategic entered into another loan agreement with China-HK Holdings Investment Limited ("China-HK"), a company incorporated in Hong Kong (China) with limited liability, pursuant to which Capital Strategic had agreed to provide a loan facility to the China-HK in the principal amount of HK$40,000,000 for a term of 6 months from the dates of the relevant drawdown, which could be further extended upon the request of China-HK and subject to agreement of Capital Strategic in writing. The loan is secured by the charge over the entire issued share capital of Wide Merit Limited and 2 wholly-owned subsidiaries of China-HK. On 14 August 2018, Capital Strategic and China-HK entered into a supplemental loan agreement to extend the repayment date to 14 February 2019. Further details of the transaction is set out in the Company's announcements dated 14 February 2018 and 14 August 2018. The loan is still outstanding as at 31 December 2020.

Management had formulated a fundamental policy to establish its internal control systems. The Group would adopt a prudent approach and conduct regular reviews of the composition of the loans portfolio and lending rates charged to each customer to maximise the return of the money lending business as well as diversify the credit risk.

Securities Investment

During the year, the Group carried out the Group's investment business in securities investment.

During the year, the revenue arising from this segment was HK$3,000 (2019: negative revenue of HK$117,000). Revenue was attributable to the net realised gain on listed securities investment of HK$3,000 (2019: net realised gain of HK$15,000) for the year ended 31 December 2020. No unrealised loss on listed securities investment was noted for the year ended 31 December 2020 (2019: net unrealised loss of HK$132,000).

The overall performance of the securities investment business recorded a loss of HK$13,000 for the year ended 31 December 2020 (2019: HK$131,000), which was primarily attributable to the realised on securities investment stated above. As at 31 December 2020, the market value of the Group's listed securities portfolio was HK$nil (31 December 2019: HK$1,091,000).

The Group is currently looking into other investment opportunities including private equities, debt securities, derivatives and funds. The management plans to revise its investment strategies and formulate new investment policies in the near future.

FINANCIAL REVIEW

During the year under review, the Group has diversified its operations into four segments, being

(a) Apparel supply chain management services;

(b) Financial services;

(c) Money lending; and

(d) Securities investment.

Financial results from the Group's operations are summarized as follows:

Revenue

Revenue by Business Segments

Ratio analysis by business segments for the Group's revenue for the year ended 31 December 2020 is as follows:

- Apparel supply chain management services business: HK$5,603,000, 47.7% of revenue (2019: HK$46,570,000, 72.4%)

- Financial services business: HK$533,000, 4.5% of revenue (2019: HK$826,000, 1.3%)

- Money lending business: HK$5,618,000, 47.7% of revenue (2019: HK$17,051,000, 26.5%)

- Securities investment: HK$3,000, 0.1% of revenue (2019: negative revenue of HK$117,000, -0.2%)

Revenue by Geographical Segments

Ratio analysis by geographical segments for the Group's revenue for the year ended 31 December 2020 is as follows:

- Cambodia: HK$2,457,000, 20.9% of revenue (2019: HK$3,371,000, 5.2%)
- USA: HK$1,847,000, 15.7% of revenue (2019: HK$37,599,000, 58.4%)
- Mainland China: HK$1,033,000, 8.8% of revenue (2019: HK$1,140,000, 1.8%)
- Hong Kong (China): HK$5,612,000, 47.7% of revenue (2019: HK$16,996,000, 26.4%)
- Other countries: HK$808,000, 6.9% of revenue (2019: HK$5,224,000, 8.2%)

The Group's revenue for the year ended 31 December 2020 was HK$11,757,000, being a significant decrease of HK$52,573,000 when compared to the corresponding period last year of HK$64,330,000. The decrease was mainly due to the net effect of (i) a decrease in revenue derived from apparel supply chain management services business to HK$5,603,000 (2019: HK$46,570,000) due to the keen market competition as a result of the global pandemic and overall weak consumer spending sentiment, the Group has been striving to maintain its business with the existing customers and secure replacements for the lost customers; (ii) a decrease in revenue derived from financial services business to HK$533,000 (2019: HK$826,000), which were mainly derived from the Group's fund management services and other consultancy services in Mainland China and Hong Kong (China); (iii) a decrease in interest income from loans advanced to independent third parties to HK$5,618,000 (2019: HK$17,051,000); and (iv) realised gain on an investment in listed equity investment at fair value through profit or loss of HK$3,000 (2019: unrealised loss of HK$132,000 and realized gain of: HK$15,000), which was arising from the Group's business segment on securities investment.

Cost of Sales and Services Rendered

Cost of sales of the Group relates to (i) its apparel supply chain management services business and includes raw materials, subcontracting fees, and other costs. Raw materials were fabrics and ancillary raw materials, including buttons, zippers and threads that the Group purchased and supplied to the third-party manufacturers for their production. Subcontracting fees represented fees paid to the third-party manufacturers for production of apparel products; and (ii) the direct cost of fund management services mainly consists of fund manager costs.

Gross Profit

The Group's gross profit for the year ended 31 December 2020 was HK$8,308,000, representing a decrease of approximately 62.9% from HK$22,407,000 in the corresponding period last year. The decrease in gross profit was because there were decrease in sales and gross profit margin for its apparel supply chain management services business and decrease in loan interest income.

Other Income and gains

Other income and gains for the year ended 31 December 2020 was HK$1,663,000, which mainly included government subsidies and loss on foreign exchange difference, net, representing a decrease of approximately 17.8% from the corresponding period last year of HK$2,022,000. The decrease was mainly due to the absence in rental income, distribution income and sale of scrap materials.

Selling Expenses

Selling and distribution costs primarily consist of (i) sample cost; (ii) staff cost; and (iii) other selling and distribution expenses. Selling expenses for the year ended 31 December 2020 was HK$1,353,000, representing a decrease of approximately 50.5% from the corresponding period last year of HK$2,731,000. The decrease was mainly due to the decrease in sample cost, staff cost and promotion expenses.

Administrative Expenses

Administrative expenses mainly represented employee benefit expenses for the Group's management, finance and administrative personnel, rental expenses for the Group's office premises and travelling expenses. Administrative expenses for the year ended 31 December 2020 was HK$67,140,000, representing a decrease of approximately 21.7% from the corresponding period last year of HK$85,783,000. The decrease was mainly due to the decrease in salaries and professional fee.

Other Expenses, Net

Other expenses, net mainly represented reversal of impairment of loans receivable, impairment of intangible assets and loss on disposal of associate of 湖南匯垠天星股權投資私募基金管理有限公司 (Hunan Huiyin Tianxing Private Equity Investment Fund Management Co., Ltd.*). Other expenses, net for the year ended 31 December 2020 was HK$752,000, representing a decrease of approximately 98.3% from the corresponding period last year of HK$44,603,000. The significant decrease was mainly due to absence in impairment of fund management fees receivable of HK$19,522,000, impairment of goodwill of HK$11,110,000 and impairment of intangible assets of HK$13,100,000.

Finance Costs

Finance costs for the year ended 31 December 2020 was HK$21,993,000, representing an increase of approximately 14.3% from the corresponding period last year of HK$19,235,000. The increase was mainly due to increase in interest expenses for other borrowings.

Loss for the Year

The net loss attributed to the owners of the Company for the year ended 31 December 2020 amounted to HK$77,546,000 (2019: HK$111,390,000), resulted in a basic loss per share for the year ended 31 December 2020 of HK16.16 cents (2019: HK23.21 cents), representing a decrease in loss attributed to the shareholders of the Company (the "Shareholders") by 30.4%. The decrease in loss was resulted from the effects of (i) decrease in administrative expenses; and (ii) decrease in other expenses, mainly due to decrease in provision for impairment of fund management fees receivable, impairment of goodwill and impairment of intangible assets (as stated above).

PROSPECTS

To improve the financial position of the Group, the Company is considering various options to strengthen the capital of the Company and will, when appropriate, disclose further development on the above matter, if any, by way of further announcement(s) in accordance with regulatory requirements.

Apparel Supply Chain Management Services Business

The management of the Group expects the business environment for the apparel supply chain management services business in 2020 not favorable. As goods sold to our new customers are mostly sold to department and specialty stores in the USA, the increasing coronavirus infection in the US is expected to hit their business as people will avoid going out for shopping. Recent stock market volatility will also have negative wealth effect that deter consumer spending on apparels.

Due to less competitiveness than the other service providers, the Group lost significant customers in the past years and thereby recorded substantial decrease in revenue from this segment. In addition, the US-China trade war since 2018 also weakened the competitiveness of the Group.

As a result of the intensive competition among the industry, the US-China trade war, the outbreak of COVID-19 worldwide and an overall weak consumer spending sentiment, the management of the Group expects the financial performance of this segment would remain stagnant for a protracted period. The management is considering different options, including the disposal part of apparel supply chain business, to reduce the loss.

Money Lending Businesses

The management expects that the money lending business segment will become one of the Group's stable income sources. The management will go on paying close attention to the development of this business segment and promptly react to the demand in the market. It is expected that the Group will not expand its loan portfolio unless the Group managed to raise abundant funds through fund raising exercises and/or borrowings.

Financial Services Businesses

The management continues looking into possible acquisitions of asset management companies and other financial service platforms located in both Hong Kong (China) and Mainland (China), in order to build a strong, growing and diversified financial services sector.

On 31 January 2020, the Group has entered into an agreement to acquire 30% equity interest in GJ Fund Management Company at a consideration of approximately RMB3,000,000. GJ Fund Management Company will establish a private equity fund for investing in an education project in Nansha district, Guangzhou, Guangdong Province, the PRC. The Group is optimistic about the prospect of GJ Fund Management Company and believe such acquisition would strengthen the Group's network in the PRC fund industry, which is in line with the expansion plan of the Group.

On 8 June 2020 and 19 June 2020, Hunan Huiyin Tianxing respectively entered into a strategic cooperation framework agreements with independent third parties respectively entered into funds as the general partner of the funds. On 14 September 2020, Hunan Huiyin Tianxing secured a loan of RMB50 million from major shareholders of the Company for investing in high-quality projects domestically. On 13 January 2021 subsequent to the financial year under review, Hunan Huiyin Tianxing invested RMB20,000,000 through a partnership in 阿克蘇興疆牧歌食品股份有限公司 (Aksu Xingjiang Muge Food Company Limited*) ("Xingjiang Muge"), being a company principally engaged in pig farming and food processing in the PRC. On 12 March 2021, Hunan Huiyin Tianxing provided a loan of RMB28,000,000 to 郴州瑞嶸房地產開發有限公司(Chenzhou Ruirong Real Estate Development Co., Ltd*), which is a company principally engaged in real estate development and operation, sale and leasing of housing and sale of building materials in the PRC. Hunan Huiyin Tianxing will continue to cooperate with financial institutions and industry leaders to explore investment opportunities in equity and debt projects in order to expand the financial business of the Group.

The Group will continue to expand its financial services segment by applying for the necessary licenses for, or acquiring licensed corporation to conduct regulated activities, or acquiring interest in, or setting up funds to invest in, companies or projects which have good potentials and prospect.

As at the date of this announcement, the Company has been considering potential targets with an aim to maintaining a sufficient level of business operations and assets of the Group. The management expects that the contribution from financial services business segment will increase significantly in the near future.

Securities Investment

During the year, the Hong Kong (China) stock market experienced significant volatility due to the impact of the coronavirus ("COVID-19") outbreak and economic events in the domestic and international markets. In response to that, the Group will continue to closely monitor market conditions and may consider changing its investment portfolio from time to time. We will also explore other investment opportunities, including but not limited to private equity investments, debt securities, derivative instruments and funds.

Conclusion

Trading in share of the Company has been suspended with effect from 9:00 a.m. on 8 February 2021. The Company is taking appropriate steps to resolve the issues that led to the suspension and will continue to develop its existing business, in particular its financial services business (including but not limited to money lending, asset management, fund management, financial advisory and brokerage service), further expand the scale of its financial services business and identify potential investment projects on financial services platform so that our financial services business can be more diversified and synergistic. The Group continues to seek for high-quality underlying assets in both domestic and overseas markets and has negotiated with a number of target companies about acquisition proposals. We will continue to identify companies or projects with good potential and prospects to expand the business of the Group, and seek to resume trading in our shares as soon as possible in full compliance with the Listing Rules and in a manner satisfactory to the Stock Exchange.

THE STOCK EXCHANGE'S DECISION ON THE COMPANY'S NON-COMPLIANCE WITH LISTING RULE 13.24

Trading in the shares (the "Shares") of the Company on the Stock Exchange has been suspended since 8 February 2021.

The Company has received a letter dated 24 April 2020 from the Listing Division of the Stock Exchange (the "Letter") notifying the Company of its decision that the Company has failed to carry out a business with a sufficient level of operations and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of its shares, and that the trading in the Company's shares will be suspended under Rule 6.01(3) of the Listing Rules (the "Decision").

Pursuant to the Letter, the Company must re-comply with Rule 13.24 of the Listing Rules, fulfill any resumption guidance that may be set by the Stock Exchange and is in full compliance with the Listing Rules to the Stock Exchange's satisfaction before the trading of the Company's shares is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 18 months.

On 5 May 2020, the Company has submitted a written request to the Listing Committee of the Stock Exchange (the "Listing Committee") for reviewing the Decision. On 9 October 2020, the Listing Committee decided to uphold the Decision to suspend trading in the Shares.

On 19 October 2020, the Company has submitted a written request to the Listing Review Committee of the Stock Exchange (the "Listing Review Committee") for a further and final review of the Decision of the Listing Committee. On 26 January 2021, the Listing Review Committee conducted a review hearing to review the Decision of the Listing Committee set out in its letter dated 9 October 2020 (the "LC Decision"). On 5 February 2021, the Company received a letter from the Stock Exchange notifying the Company that the Listing Review Committee, having carefully considered all the facts and evidence, and all submissions presented by the Company and the Listing Division of the Stock Exchange (the "Listing Division"), decided to uphold the LC Decision to suspend trading in the Shares under Rule 6.01(3) of the Listing Rules on the ground that the Company had failed to comply with Rule 13.24 of the Listing Rules.

On 8 February 2021, the Company received a letter from the Stock Exchange setting out the following resumption guidance for resumption of trading in Shares (the "Resumption Guidance"):

- to demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.

The Company must remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in Shares is allowed to resume. The Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance if the Company's situation changes.

Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period expires on 7 August 2022. If the Company fails to remedy the issue(s) causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in Shares by 7 August 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 February 2021. For details, please refer to the announcements of the Company dated 26 April 2020, 27 April 2020, 5 May 2020, 9 October 2020, 19 October 2020, 5 February 2021 and 9 February 2021.

CAPITAL STRUCTURE

The Group manages its capital to ensure that 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 debt, including bonds, other borrowings, and equity attributable to owners of the Company, comprising issued capital and reserves. The management of the Group reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issuance of debts and redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Pursuant to a subscription agreement entered into between the Company as the issuer and GF Investments (Hong Kong) Company Limited as the subscriber (the "GF Investments") in relation to the issuance of notes (the "Notes") in the aggregate principal amount of up to HK$230,000,000 due on January 2020. During the year, the Company settled all the remaining bond principal and interest.

On 17 January 2020, the Company, as the borrower, entered into a loan agreement (the "Loan Agreement") with the lender, a business company incorporated under the laws of the British Virgin Islands (the "Lender") and a third party independent of the Company and its connected person. Pursuant to and subject to the satisfaction of the conditions precedent set out in the Loan Agreement, the Lender agreed to provide a loan in the principal amount of HK$75,000,000 (the "Loan") for a term of one year from the date of the Loan but can be extended to two years subject to the consent of the Lender (at its absolute discretion) upon the request of the Company at the interest rate of 8.5% per annum which will be paid quarterly. The Loan was used for the Company's loan repayment.

On 14 September 2020, the Group, through its 51% indirectly owned subsidiary, Hunan Huiyin Tianxing as the borrower, entered into a loan agreement with Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd.*（廣州滙垠天粵股權投資基金管理有限公司）as the lender (the "Lender"), pursuant to which the Lender agreed to provide to Hunan Huiyin Tianxing a loan in the principal amount of RMB50,000,000 (the "HT Loan") for a term of 12 months from the date of drawdown at the interest rate of 6% per annum which will be paid quarterly. Subsequent to the financial year under review, on 13 January 2021, Hunan Huiyin Tianxing invested in Xingjiang Muge through the Partnership which have contributed RMB20 million to the Partnership. For details, please refer to the announcement of the Company dated 13 January 2021. On 12 March 2021, Hunan Huiyin Tianxing as the lender, entered into a loan agreement (the "Chenzhou Ruirong Loan Agreement") with Chenzhou Ruirong Real Estate Development Co., Ltd.*（郴州瑞嶸房地產開發有限公司）as the borrower pursuant to which the lender agreed to provide to the borrower a loan in the principal amount of RMB28,000,000 (the "Chenzhou Ruirong Loan"). For details, please refer to the announcement of the Company dated 12 March 2021.

As at 31 December 2020, the other borrowings were HK$214,213,000 (31 December 2019: HK$32,460,000) and bond payable was HK$80,000,000 (31 December 2019: HK$219,229,000). As at 31 December 2020, all borrowings are carried at fixed interest rates ranging from 6% to 8.5% per annum and repayable in 2021 to 2025. As at 31 December 2019, all borrowings are carried at fixed interest rates ranging from 6% to 8% per annum and repayable from 2020 to 2024.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group's working capital was financed by both internal resources and other borrowings.

As at 31 December 2020, cash and cash equivalents amounted to HK$68,179,000, which increased by approximately 195% as compared to HK$23,104,000 as at 31 December 2019.

As at 31 December 2020, the Group's total borrowings amounted to HK$294,213,000 (31 December 2019: HK$251,689,000), mainly consist of other borrowings amounting to HK$214,213,000 (31 December 2019: HK$32,460,000) and bond payable amounting to HK$80,000,000 (31 December 2019: HK$219,229,000). The other borrowings of the Group as at 31 December 2020 and 31 December 2019 were incurred for operation and business purpose.

The current ratio of the Group as at 31 December 2020 was 0.46 (31 December 2019: 0.6). The gearing ratio is calculated based on the total liabilities divided by the total assets. The gearing ratio of the Group as at 31 December 2020 was approximately 214.0% (31 December 2019: approximately 158.8%).

As at 31 December 2020, the Group had net current liabilities of HK$188,341,000 (31 December 2019: HK$124,423,000) and net liabilities of HK$202,370,000 (31 December 2019: HK$120,364,000). The net current liabilities and the net liabilities position were attributable to material loss for the period as a result of the poor performance of the Group's businesses and the outstanding bond payable balance of HK$80,000,000 (31 December 2019: HK$219,229,000) and other borrowings of HK$186,213,000 (31 December 2019: HK$24,060,000) due within twelve months from the end of the reporting period. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company are formulating proposals for fund raising exercises and will, when appropriate, disclose further development on the above matter, if any, by way of further announcement(s) in accordance with regulatory requirements and it has taken the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(i) Subsequent to the end of the reporting period, Kapok Spirit Investment Limited ("Kapok Spirit"), an entity indirectly wholly owned by a substantial shareholder of the Company, issued a letter of intent to extend the bond maturity date of a bond payable of HK$80,000,000.

(ii) As regards the bond held by Kapok Spirit, the Company intends to negotiate with Kapok Spirit and SFund International to capitalise the principal amount of the outstanding bond and the outstanding shareholder's loans (the "Possible Capitalisation"). It is expected that the Company would be able to improve the financial position and reduce the finance costs if the Possible Capitalisation is materialized.

(iii) The Company intends to raise funds by issuing new securities. As at the date of this announcement, the Group has not yet entered into any understanding, arrangement or agreement about the aforesaid plan. The fund raising activity is subjected to the approval from the Stock Exchange and market conditions. The Company intends to use such proceeds for the potential acquisition, expansion of the Group's business and/or as working capital of the Group.

The directors of the Company have given careful consideration to the future liquidity of the Group and are of the opinion that the Group will be able to meet its financial obligations as they fall due for the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare these financial statements on a going concern basis.

DISCLAIMER OF OPINION

As disclosed in the Independent Auditor's Report, the auditors of the Company, ZHONGHUI ANDA CPA Limited (the "Auditors") issued a disclaimer of opinion (the "Disclaimer of Opinion") on the consolidated financial statements of the Group for the year ended 31 December 2020. Set out below is the paragraph headed "Basis for Disclaimer of Opinion" as disclosed in the Independent Auditor's Report:–

"We draw attention to note 1 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of the Company of HK$77,546,000 and HK$111,390,000 respectively for two consecutive years of year ended 31 December 2020 and 2019 and as at 31 December 2020 the Group had net current liabilities and net liabilities of HK$188,341,000 and HK$202,370,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the capitalisation of borrowing and fund raising. The consolidated financial statements do not include any adjustments that would result from the failure to complete the capitalisation of borrowing and fund raising. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the capitalisation of borrowing and fund raising, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis."

THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION

During the course of audit of the consolidated financial statement of the Company for the year ended 31 December 2020, the Auditors had raised concern on the Group's ability to operate as a going concern. In order to address this concern, the Company has, among other things, taken the following steps:–

(i) The Group has been urging its customers of the money lending segment to settle all overdue loans. In February 2021, the Company received HK$6.8 million from a customer and will be used as working capital of the Groups.

(ii) The Company has received a letter of intent from Kapok Spirit Investment Limited ("Kapok Spirit"), an entity indirectly wholly owned by SFund International Investment Fund Management Limited ("SFund International") which is the substantial shareholder of the Company, to extend the maturity date of the outstanding bond payable of HK$80 million.

Based on the above, and in preparing the consolidated financial statements, the Directors have reviewed the Group's financial and liquidity position, and planned to raise funds by issuing of securities in future. As such, the Board considered the Group will have sufficient liquidity to finance its operations for the next twelve months and therefore is of the view that the Group would be able to continue as a going concern.

Despite the effort by the Company to address the concern, the Auditors issued the Disclaimer of Opinion as they cast doubt on the capitalisation of borrowing and fund raising. The management of the Company (the "Management") has considered the Auditors' rationale and understood their consideration in arriving their opinion.

In order to address the Disclaimer of Opinion, the Company will continue to take the following steps to improve the Group's working capital and cash flow position and mitigate its liquidity pressure:–

(i) Possible settlement of bond payable and shareholder's loans by way of capitalisation

As at 31 December 2020, the bond payable amounted to HK$80 million which shall be due within twelve months from 31 December 2020 was held by Kapok Spirit.

As regards the bond held by Kapok Spirit, the Company intends to negotiate with Kapok Spirit and SFund International to capitalise the principal amount of the outstanding bond and the outstanding shareholder's loans (the "Possible Capitalisation"). It is expected that the Company would be able to improve the financial position and reduce the finance costs if the Possible Capitalisation is materialised.

(ii) Possible issue of new securities

The Company intends to raise funds by issuing new securities. As at the date of this announcement, the Group has not yet entered into any understanding, arrangement or agreement about the aforesaid plan. The fund raising activity is subjected to the approval from the Stock Exchange and market conditions. The Company intends to use such proceeds for the potential acquisition, expansion of the Group's business and/or as working capital of the Group.

(iii) Income-generating and cost-saving measures

In order to improve financial performance and operating efficiency, the Group has, among others, been implemented a number of income-generating and cost-saving measures:–

(a) Expansion on financial services business

Regarding the Group's financial services business, on 31 January 2020, the Group has entered into an agreement to acquire 30% equity interest in 廣俊粵港澳產業投資基金管理（廣州）有限公司 (Guangjun Guangdong–Hong Kong–Macao Industrial Investment Fund Management (Guangzhou) Company Limited*) (the "GJ Fund Management Company") at a consideration of approximately RMB$3 Million. GJ Fund Management Company will establish a private equity fund for investing in an education project in Nansha district, Guangzhou, Guangdong Province, the PRC. The Group is optimistic about the prospect of GJ Fund Management Company and believe such acquisition would strengthen the Group's network in the PRC fund industry, which is in line with the expansion plan of the Group

On 8 June 2020 and 19 June 2020, Hunan Huiyin Tianxing respectively entered into strategic cooperation framework agreements with independent third parties respectively to establish new funds as the general partner of the funds. On 13 January 2021 subsequent to the financial year under review, Hunan Huiyin Tianxing invested RMB20,000,000 through a partnership in Aksu Xingjiang Muge Food Company Limited ("Xingjiang Muge"), being a company principally engaged in pig farming and food processing in the PRC. On 12 March 2021, Hunan Huiyin Tianxing provided a loan of RMB28,000,000 to Chenzhou Ruirong Real Estate Development Co., Ltd, which is a company principally engaged in real estate development and operation, sale and leasing of housing and sale of building materials in the PRC. Hunan Huiyin Tianxing will continue to cooperate with financial institutions and industry leaders to explore investment opportunities in equity and debt projects in order to expand the financial business of the Group.

The Group will continue to expand its financial services segment by applying for necessary licenses to conduct regulated activities, acquiring licensed corporations engaged in regulated activities, acquiring interests in companies or projects with good potential and prospects or establishing funds to invest in such companies or projects.

(b) Acquiring high-quality underlying assets

The Group continues to seek for high-quality underlying assets in both domestic and overseas markets and has negotiated with a number of target companies about acquisition proposals successively. We will continue to identify companies or projects with good potential and prospects to expand the business of the Group.

(c) Cost-saving/reduction

The Company plans to dispose certain subsidiaries with minimal or nil revenue in past years to save staff costs. It is expected that the Group would be able to reduce certain administrative expenses in the current financial year.

In light of the above, the Board is confident that the Disclaimer of Opinion would be removed for the financial year ending 31 December 2021.

AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The members of the audit committee of the Company (the "Audit Committee") had critically reviewed the Disclaimer of Opinion, the Management's position concerning the Disclaimer of Opinion and measures taken by the Company for addressing the Disclaimer of Opinion. The Audit Committee agreed with the Management's position based on the reasons above. Moreover, the Audit Committee requested the Management to take all necessary actions to address the effect on the Disclaimer of Opinion that no such Disclaimer of Opinion to be made in the forthcoming audited financial statements. The Audit Committee had also discussed with the Auditors regarding the financial position of the Group, measures taken and to be taken by the Company, and considered the Auditors' rationale and understood their consideration in arriving their opinion.

TREASURY POLICIES

The Group has adopted a prudent treasury policy and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's foreign currency transactions are mainly denominated in RMB and United States dollars ("US$"). The Group has currency exposure as certain income and expenses incurred in the PRC were denominated in RMB. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in RMB. During the year, the Group did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CAPITAL EXPENDITURES

During the year, the Group's capital expenditures consisted of additions to property, plant and equipment amounting to HK$54,000 (2019: HK$700,000).

CAPITAL COMMITMENT

As at 31 December 2020, the Group did not have any capital commitment. As at 31 December 2019, the Group had a capital commitment of HK$4,385,000 in relation to the further capital contribution to 湖南國開鐵路建設私募基金管理有限公司 (Hunan Guokai Railway Development Private Equity Fund Management Company Limited*).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a total of 149 (2019: 175) employees, including the Directors. Total staff costs (including Directors' remuneration) was approximately HK$44,017,000 for the year ended 31 December 2020, as compared to approximately HK$53,968,000 for the corresponding period last year.

Remuneration is determined with reference to market norms and individual employees' performance, qualification and experience.

On top of the basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. Other major staff benefits include contributions to Mandatory Provident Fund retirement benefits scheme in Hong Kong (China) and the provision of social insurances for employees who are employed by the Group pursuant to the applicable PRC rules and regulations.

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. The Group also operates a share option scheme adopted by the Company on 20 June 2014 where options to subscribe for shares of the Company may be granted to the Directors and employees of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have any plans for material investments during the year.

SIGNIFICANT INVESTMENT

Save as disclosed in this announcement, there were no significant investments held during the year.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year.

RISK MANAGEMENT

The Group adopts the following risk management policies and monitoring system to mitigate the risks associated with interest rate, foreign currency, credit, liquidity and equity price in its major operation.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates incurred for trade finance. The Group reviews interest rate risk regularly and monitors closely the fluctuation of interest rates and will make proper adjustment if necessary.

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group has currency exposure as income earned and expenses subcontracting fees incurred in Mainland China were denominated in RMB.

The RMB is not a freely convertible currency. Future exchange rates of the RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of the RMB. The appreciation or devaluation of RMB against US$ may have impact on the operating results of the Group.

The Group has not entered into any hedging arrangement as the foreign currency risk is considered not material. The management has monitored the Group's foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Credit Risk

The accounts receivable and loans receivable balances included in the consolidated statement of financial position of the Group represent the Group's maximum exposure to credit risk in relation to the Group's accounts receivable and loan receivables. Concentrations of credit risk are managed by customer and borrower.

The Group performs ongoing credit evaluations of its debtors' financial conditions and requires collateral from its customers. The allowance for doubtful debts is based on a review of the expected collectability of all accounts receivable and loan receivables.

The Group seeks to maintain strict control over its outstanding receivables and has its credit control policy to minimise the credit risks. In addition, all receivable balances are monitored on an ongoing basis and overdue balances are followed up by management.

Liquidity Risk

Liquidity risk is the risk of non-availability of funds to meet all contractual financial commitments as they fall due. The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

Equity Price Risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investment classified as financial asset at fair value through profit or loss. The Group's listed investment is listed on the Stock Exchange and is valued at quoted market prices at the end of the reporting period. Management manages this exposure by assessing the risk associated with each individual investment and maintaining a portfolio of investments with different risks in the future if necessary.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 December 2020.

CHARGE ON THE GROUP'S ASSETS

No charges on the Group's assets was noted as at 31 December 2020.

DIVIDEND

The Board does not recommend the distribution of any dividends for the year ended 31 December 2020 (2019: nil).

FINANCIAL ASSISTANCE FROM SUBSTANTIAL SHAREHOLDER

On 27 October 2017, the Company, as the issuer (the "Issuer"), entered into a subscription agreement (the "Subscription Agreement A") with a company indirectly wholly-owned by 廣州產業投資基金管理有限公司 (Guangzhou Industrial Investment Fund Management Co., Ltd.*), a substantial Shareholder, as the subscriber (the "Subscriber"), in relation to the subscription of unsecured bonds to be issued by the Company (the "Bonds"). The issue of Bonds constituted an exempt connected transaction of the Company under Rule 14A.90 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. Pursuant to and subject to the satisfaction (or waiver) of the conditions precedent set out in the Subscription Agreement A, the Company agreed to issue, and the Subscriber agreed to subscribe, for the Bonds in the principal amount of up to HK$80,000,000 with a coupon rate of 8% per annum payable quarterly in arrears for a term of 23 months from the date of issue of the Bonds. The maturity date of the Bonds will be intended to extend upon maturity. The net proceeds from the issuance of the Bonds are used by the Group as general working capital of the Group, in particular towards money lending and financial services business and to finance suitable investment opportunities if and when they arise.

Subsequent to the end of the reporting period, the Subscriber issued a letter of intent to extend the bond maturity date of a bond payable of HK$80,000,000.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

There had not been any other equity or debt fund raising activity conducted by the Group in the past twelve months.

PROVISION OF FINANCIAL ASSISTANCE AND ADVANCE TO AN ENTITY

Provision of Loan to an Entity Amounting to HK$180,000,000

On 24 November 2017, Capital Strategic, as the lender, entered into a loan agreement (the "MT Loan Agreement") with Yuan Heng, as the borrower, pursuant to which, Capital Strategic would provide a loan of HK$180,000,000 (the "MT Loan") to Yuan Heng for a term of 6 months from the date of drawdown, which was 25 January 2018, and could be further extended for another 6 months with written consent of Capital Strategic (or any other dates as may be agreed by Capital Strategic and Yuan Heng in writing) at the interest rate of 10% per annum which will be paid monthly. The MT Loan was extended in the prior years and was settled during the year.

Provision of Financial Assistance Amounting to HK$40,000,000

On 14 February 2018, Capital Strategic, as the lender, entered into a loan agreement (the "CH Loan Agreement") with China-HK, as the borrower, pursuant to which Capital Strategic would provide a loan facility of HK$40,000,000 (the "CH Loan") to China-HK for a term of 6 months from the date of the relevant drawdown, which could be extended upon the requested of China-HK and subject to agreement of Capital Strategic in writing, at the interest rate of 12% per annum which will be paid on the relevant repayment dates of the CH Loan drawn down.

On 14 August 2018, Capital Strategic entered into a supplemental loan agreement with China-HK to, among other matters, extend the maturity date from 14 August 2018 to 14 February 2019. Other than the maturity date which had been extended to 14 February 2019 pursuant to the supplemental loan agreement, the principal terms of the CH Loan Agreement remains applicable to Capital Strategic and China-HK in connection with the CH Loan.

The CH Loan is secured by (i) charge over 10,000 shares of China-HK, being the entire issued share capital of the China-HK, in favour of Capital Strategic, by Wide Merit Limited, a company incorporated in the British Virgin Islands, being the holding company of China-HK; and (ii) charges over the entire share capital of 長三角徐州石油科技有限公司 (Changsanjiao Xuzhou Petroleum Technology Company Limited*), being a wholly-owned subsidiary of China-HK, and 鹽城賽孚石油化工有限公司 (Yancheng Saifu Petroleum & Chemical Company Limited*), being a wholly-owned subsidiary of Changsanjiao Xuzhou Petroleum Technology Company Limited.

The provision of the CH Loan under the CH Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules and the CH Loan constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the CH Loan are set out in the announcement of the Company dated 14 February 2018 and 14 August 2018. The CH Loan is still outstanding as at 31 December 2020.

According to the court orders of the 湖南省長沙市中級人民法院 (Changsha Intermediate People's Court of Hunan Province*) dated 12 August 2020, the Company successfully via the court frozen the asset held by the 長三角徐州石油科技有限公司 (Changsanjiao Xuzhou Petroleum Technology Company Limited*)), being a wholly-owned subsidiary of China-HK, and 鹽城賽孚石油化工有限公司 (Yancheng Saifu Petroleum & Chemical Company Limited*), being a wholly-owned subsidiary of Changsanjiao Xuzhou Petroleum Technology Company Limited, for three years.

Save as disclosed above, the Group did not have any other material provision of financial assistance and advance to an entity.

EVENTS AFTER THE REPORTING PERIOD

On 13 January 2021, Hunan Huiyin Tianxing invested in Xingjiang Muge, a company principally engaged in pig farming and food processing in the PRC, through the Partnership, an entity which is established solely for the investment in Xingjiang Muge. Hunan Huiyin Tianxing as a limited partner of the Partnership and Zhongqing Henghui (a third party independent of the Company and its connected persons) as a general partner of the Partnership have contributed RMB20 million and RMB100,000 to the Partnership, respectively. For details, please refer to the announcements of the Company dated 13 January 2021.

Trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 8 February 2021.

On 12 March 2021, Hunan Huiyin Tianxing as the lender, entered into a loan agreement (the "Chenzhou Ruirong Loan Agreement") with 郴州瑞嶸房地產開發有限公司 (Chenzhou Ruirong Real Estate Development Co., Ltd.*) as the borrower pursuant to which the lender agreed to provide to the borrower a loan in the principal amount of RMB28,000,000 (the "Chenzhou Ruirong Loan") for a term of 6 months from the date of the Chenzhou Ruirong Loan at the interest rate of 12% per annum which will be paid quarterly.

After the outbreak of a respiratory illness caused by the COVID –19 coronavirus in early 2020 which was later characterised as a pandemic (the "Pandemic"), a series of precautionary and control measures have been and continued to be implemented across the country. The Group will pay close attention to the development of the Pandemic and evaluate its impact on the financial position and operating results of the Group in 2020. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent to which could not be estimated as at the date of this announcement.

Except as disclosed elsewhere in this announcement, there is no material subsequent event untaken by the Group after 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance consistent with the needs and requirements of its business and the Shareholders. The Company has adopted the code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The corporate governance principles of the Company emphasise a quality board, sound internal controls, and transparency and accountability to all the Shareholders.

The Company has complied with all the Code Provisions of the CG Code during the year ended 31 December 2020.

Further information on the Company's corporate governance practices will be detailed in the corporate governance report contained in the annual report of the Company for the year ended 31 December 2020, which shall be sent to the Shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

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

Having made specific enquiry of all Directors, each Director has confirmed that he/she has complied with the required standard set out in the Model Code during the year.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, risk management and internal control systems of the Group. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Fok Ho Yin, Thomas (chairman), Mr. Chan Wai Cheung, Admiral and Mr. Lam Ho Pong.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and risk management and financial reporting matters, including the final results of the Group for the year ended 31 December 2020 with the management.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the material uncertainty relating to the going concern basis described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an 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 Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

We draw attention to note 1 to the consolidated financial statements which mentions that the Group incurred loss attributable to owners of the Company of HK$77,546,000 and HK$111,390,000 respectively for two consecutive years of year ended 31 December 2020 and 2019 and as at 31 December 2020 the Group had net current liabilities and net liabilities of HK$188,341,000 and HK$202,370,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the capitalisation of borrowing and fund raising. The consolidated financial statements do not include any adjustments that would result from the failure to complete the capitalisation of borrowing and fund raising. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements. However, in view of the extent of the uncertainty relating to the capitalisation of borrowing and fund raising, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Tuesday, 1 June 2021 (the "AGM"). Details of the AGM are set out in the notice of the AGM which constitutes part of the circular to be sent to the Shareholders together with the annual report. Notice of the AGM and the proxy form will also be available on the websites of the Stock Exchange and the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company's branch share registrar in Hong Kong (China), Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 26 May 2021 (Hong Kong (China) time).

PUBLICATION OF RESULTS ANNOUNCEMENT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company at www.1367.com.hk.

The printed copy of the annual report will be sent to Shareholders and the soft copy of the same will be published on websites of the Stock Exchange and the Company in due course.

By order of the Board
SFund International Holdings Limited
Li Qing
Chairman

Hong Kong (China), 30 March 2021

As at the date of this announcement, the executive Directors are Mr. Li Qing, Mr. Lam Kwan Sing, Mr. Yu Wenhao, Ms. Wang Mengsu, Mr. Lin Qiansheng and Mr. Hon Ming Sang and the independent non-executive directors are Mr. Fok Ho Yin, Thomas, Mr. Chan Wai Cheung, Admiral, and Mr. Lam Ho Pong.